The character and amount of money per capita in any country are determined solely by the local conditions under the operation of economic law, and neither the gold nor silver mines, nor mints, in such country control, or even bear the slightest relation to, the amount of gold or silver in circulation in that country.

"To secure speedy, general, and permanent prosperity our finances should be readjusted and our currency should be reformed."

ADDRESS

OF

HON. CHARLES N. FOWLER,

OF NEW JERSEY,

IN THE

HOUSE OF REPRESENTATIVES,

Wednesday, March 31, 1897.

That Bimetallism, National or International, which carries with it the thought that there can be a double standard or measure of value, is a mere theoretical myth. It contradicts all experience and gives the lie to nature itself; for neither by imperial edict nor legislative enactment can two commodities which are steadily increasing in production, always varying in cost, and constantly changing in use be kept equal in value at any given ratio.

The question of a standard of value being under investigation in 1831, a Democratic Congressional committee, with Campbell P. White as chairman, reported as follows:

"The committee think that the desideratum in the monetary system is the standard of uniform value. They can not ascertain that both metals have ever circulated simultaneously, concurrently, and indiscriminately in any country where there are banks or money dealers, and they entertain the conviction that the nearest approach to an invariable standard is its establishment in one metal, which metal shall compose exclusively the currency for large payments."

WASHINGTON.
1897.

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WASHINGTON.
1897.

SPEECH

OF

HON. CHARLES N. FOWLER,

On the bill (H. R. 379) to provide revenue for the Government and to encourage the industries of the United States.

Mr. FOWLER of New Jersey said:

Mr. CHAIRMAN: During the discussion of this measure I have been more deeply impressed than ever that the relation of revenue to our present crisis is of comparatively slight importance.

The second object of the measure will be more far-reaching in its effects if its purposes are attained by its passage.

Nor will the mere coincidence of the gradual revival of business with its passage be any guaranty that those who assume that our real difficulty is lack of revenue are correct in their conclusion. For it is more than likely that in the near future we shall see sufficient money coming into the Treasury to pay our current expenses, and yet our gold reserve insufficient to cover the balance of trade against us.

But this fact of itself would not be so serious a matter did it not involve every enterprise and personal transaction from one end of the country to the other. If, therefore, this dire calamity can come upon us, even though our revenues are sufficient to cover our expenses, it is evident we have not yet solved the difficulty, and must look deeper and farther.

Deeply impressed as I am with the gravity of the situation, while I heartily approve of any effort that will tend to better our condition, I can not admit by my silence even that the present measure will more than procrastinate the evil day, possibly the day of national repudiation, certainly a day of panic, ruin, and destruction of values surpassing anything men now living have ever witnessed.

With these convictions I deem this occasion the most opportune for a discussion of those questions which, in my judgment, must be settled before we can confidently look for anything like a general and permanent prosperity.

First. Our finances should be readjusted.

Second. Our currency should be reformed.

With permission, I shall insert in the RECORD a measure introduced at this session proposing certain amendments to our national-bank act with the view of taking the United States out of the banking business, refunding the national debt, reforming the currency, insuring depositors, improving and extending our banking system, and providing funds in case of a deficit.

[Fifty-fifth Congress, first session.]

IN THE HOUSE OF REPRESENTATIVES, *March 15, 1897.*

Mr. FOWLER of New Jersey introduced the following bill; which was referred to the Committee on Banking and Currency, and ordered to be printed:

A bill (H. R. 50) to amend the national-bank act, take the United States Government out of the banking business, refund the national debt, reform the currency, insure depositors, improve and extend our banking system, and to provide funds in case of a deficit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be, and there is hereby, created and established a Department of Finance, which shall have entire and exclusive control and supervision of all national banks, their right to take out secured circulation and issue their notes.

Department of Finance.

Ministers of finance.

SEC. 2. That there shall be three ministers of finance, who shall take the place of the Comptroller of the Currency and constitute a board of finance; and said board of finance shall conduct the said Department of Finance. That said ministers of finance shall be appointed by the President, by and with the advice and consent of the Senate, and the term of office shall be for a period of twelve years, at a salary of ten thousand dollars per annum; and said ministers shall be removed only by and with the consent of the Senate for cause stated in writing. That the term of the first three ministers shall be for twelve, eight, and four years, respectively. The minister appointed for twelve years, and his successors, shall be known as First Minister of Finance, and he shall preside at all meetings of the board of finance; and the remaining two ministers shall be known as Associate Ministers of Finance.

Who may organize.

SEC. 3. That any national bank now doing business, or any other financial institution doing a similar business, or any number of persons may, in accordance with existing law, so far as the same is

consistent with this act, organize upon the following terms and conditions:

How banks shall organize.

If any corporation or association of persons described as aforesaid shall deposit with the United States Government any of the United States bonds now outstanding, or any that may be hereafter issued which, at their stated value as herein set forth, (a) shall be equal to the required amount of circulation in the respective cases specified, (b) the United States Government shall issue to said corporation, in lieu of said bonds so deposited, United States Government bonds bearing interest at the rate of two per centum per annum, (c) equal in amount to the value thereof, both principal and interest of said new bonds being payable in gold coin, and to have the like qualities, privileges, and exemptions provided by the act approved January fourteenth, eighteen hundred and seventy-five, entitled "An act to provide for the resumption of specie payments;" and said new bonds shall thereupon be deposited with the United States Government, and circulation known as United States Government bond notes shall be issued to said corporation in an amount equal to the new bonds so deposited, said United States Government bond notes being in denominations of ten dollars or multiples thereof.

Price at which bonds will be received.

(a) That the United States Government bonds now outstanding shall be received at the following prices, to wit:

2s, reg	Q, Mar.	95 1/8
4s, 1907, reg	Q, Jan.	109 1/4
4s, 1907, coup	Q, Jan.	110 1/4
4s, 1925, reg	Q, Feb.	120 1/8
4s, 1925, coup	Q, Feb.	120 1/8
5s, 1904, reg	Q, Feb.	113 5/8
5s, 1904, coup	Q, Feb.	113 5/8
6s, cur'cy, '98, reg	J. & J.	102 5/8
6s, cur'cy, '99, reg	J. & J.	105
4s (Cher.), 1897, reg	March.	102
4s (Cher.), 1898, reg	March.	102
4s (Cher.), 1899, reg	March.	102

and that from and after the passage of this act said bonds shall be received upon the same income basis, respectively.

Amount of United States Government bond notes banks shall take out.

(b) All banks organized under this act shall take out for issue United States Government bond notes in proportion to their respective capital as follows: All banks having a paid-up capital of one million dollars and over shall take for issue five hundred thousand dollars of such notes; all banks having a paid-up capital of two hundred thousand dollars and less than one million dollars, shall take for issue an amount of United States Government bond notes equal to one-half of their respective capitals; but no one of said banks shall take for issue less than two hundred thousand dollars of said notes; all banks having less than two hundred thousand dollars of paid-up capital shall take for issue an amount of said United States Government bond notes equal to their respective capitals, and each bank shall pay

Tax to be paid.

into the United States Treasury one-fourth of one per centum per annum upon the notes so taken out for issue as a part of the fund to be created and known as "United States National-bank Note Redemption Fund."

Bonds, when due.

(c) The first one hundred million of said two per centum bonds that are issued in exchange for other United States bonds shall become due in nineteen hundred and forty-five.

The second one hundred million of said two per centum bonds that are issued in exchange for other United States bonds shall become due in nineteen hundred and forty.

The third one hundred million of said two per centum bonds that are issued in exchange for other United States bonds shall become due in nineteen hundred and thirty-five.

The fourth one hundred million of said two per centum bonds that are issued in exchange for other United States bonds shall become due in nineteen hundred and thirty.

The fifth one hundred million of said two per centum bonds that are issued in exchange for other United States bonds shall become due in nineteen hundred and twenty-five.

The sixth one hundred million of said two per centum bonds that are issued in exchange for other United States bonds shall become due in nineteen hundred and twenty.

The seventh one hundred million of said two per centum bonds that are issued in exchange for other United States bonds shall become due in nineteen hundred and fifteen.

The two per centum bonds that are issued in exchange for the balance of the United States bonds then outstanding shall become due in nineteen hundred and ten.

That the amount of United States Government bond notes which the banks organized under this act are required to take out for issue may be gradually reduced and retired as follows: Twenty-five per centum thereof may be retired in nineteen hundred and ten, twenty-five per centum in nineteen hundred and fifteen, twenty-five per centum in nineteen hundred and twenty, and the remaining twenty-five per centum in nineteen hundred and twenty-five.

All bondholders may exchange for new 2 per cent bonds.

All other holders of United States Government bonds are hereby authorized and entitled to exchange the same at any time prior to January first, eighteen hundred and ninety nine, for the said new two per centum United States Government bonds upon the income basis hereinbefore set forth.

Legal tender between banks.

SEC. 4. That said United States Government bond notes shall be a legal tender between all national banks and shall be redeemed in gold coin when presented for payment at the bank of issue.

Exchange of notes for gold and silver by banks in reserve cities.

SEC. 5. That at the same time that said corporation, if located in a reserve city, shall deposit United States Government bonds as aforesaid it shall also deposit with the United States Government United States legal-tender notes or gold certificates, or both, of such an amount that it, together with the gold said corporation has on hand, will equal fifteen per centum of its deposits; and the United States Government shall deliver to said corporation gold coin in lieu of said legal-tender notes and said gold certificates. Said corporation shall also deposit at the same time with the United States Government United States Treasury notes or United States silver certificates, at the option of said ministers, or both, which, with the silver coin then held by said corporation, shall amount to ten per centum of its deposits, and the United States Government shall deliver to said corporation in lieu thereof silver coin of an equal amount; and said legal tender notes, gold certificates, Treasury notes, and silver certificates shall be thereupon canceled. Said corporation shall thereafter keep as a reserve twenty-five per centum of its deposits in the following kinds of money: At least sixty per centum of said reserve shall be in gold coin, and the remaining forty per centum of said reserve may be in silver coin or United States Government bond notes: *Provided, however*, That in lieu of one-half of such reserve cash on deposit, subject to check, may be held in reserve cities.

Exchange of notes for gold and silver by banks outside reserve cities.

SEC. 6. That at the same time that said corporation, if located outside a reserve city, shall deposit United States Government bonds as aforesaid, it shall also deposit with the United States Government United States legal-tender notes, or gold certificates, or both, of such an amount that it, together with the gold coin said corporation has on hand, will equal nine per centum of its deposits; and the United States Government shall deliver to said corporation gold coin in lieu of said legal-tender notes and said gold certificates. Said corporation shall also deposit at the same time with the United States Government United States Treasury notes or United States silver certificates, at the option of said ministers, or both, which, with the silver coin then held by said corporation, shall amount to six per centum of its deposits, and the United States Government shall deliver to said corporation in lieu thereof silver coin of an equal amount; and said legal-tender notes, gold certificates, Treasury notes, and silver certificates shall be thereupon canceled. Said corporation shall thereafter keep as a reserve fifteen per centum of its deposits in the following kinds of money: At least sixty per centum of said reserve shall be in gold coin, and the remaining forty per centum of said reserve may be in silver coin, or United States Government bond notes: *Provided, however*, That in lieu of one-half of such reserve

cash on deposit, subject to check, may be held in reserve cities.

United States Government not to pay out notes or certificates after 1898–99.

SEC. 7. That the United States Government shall not pay out or reissue any United States legal-tender notes or gold certificates from and after the first day of January, eighteen hundred and ninety-eight, but the same when received shall be canceled and destroyed; and further, that the United States Government shall not pay out, issue, or reissue any United States Treasury notes or silver certificates from and after the first day of January, eighteen hundred and ninety-nine, but the same when received shall be canceled and destroyed.

May issue notes against assets.

SEC. 8. That any corporation organized under this act may, with the permission and under the supervision and control of the board of finance, issue its own circulation, which shall be furnished by the United States Government and be known as United States national-bank notes. Said United States national-bank notes shall be issued in denominations of ten dollars and multiples thereof, and shall be a first lien upon the assets of the bank issuing the same, and also upon the liability of the stockholders, and may be issued only in the following manner and upon the following conditions:

Reserve of banks against notes issued against assets.

First. Every bank issuing United States national-bank notes shall at all times maintain against the amount of such notes outstanding a reserve corresponding to that required against its deposits.

Notes against assets, how issued.

Second. Any bank that shall have complied with this law may, with the consent and under the supervision and control of the board of finance, issue an amount of United States national-bank notes equal to twenty per centum or one-fifth of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of one per centum per annum.

Third. Said bank may issue a second amount of such notes equal to twenty per centum or one-fifth of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of two per centum per annum.

Fourth. Said bank may issue a third amount of notes equal to twenty per centum or one-fifth of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of four per centum per annum.

Fifth. Said bank may issue a fourth amount of notes equal to twenty per centum of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of six per centum per annum.

Sixth. Said bank may issue a fifth amount of notes, equal to twenty per centum or one-fifth of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any

time a tax at the rate of eight per centum per annum.

Seventh. If the amount of United States national-bank notes issued by any bank shall exceed at any time the paid-up and unimpaired capital of said bank, a tax at the rate of ten per centum per annum shall be paid by said bank on such excess.

Suspension of tax upon notes.

Eighth. That said ministers of finance are hereby authorized and empowered to suspend one-half of said tax upon any one or all of the said several issues of United States national-bank notes at any time after nineteen hundred and ten, and at any time after nineteen hundred and twenty said ministers of finance are further authorized and empowered to suspend any portion of the tax then remaining except the ten per centum tax referred to in paragraph seven.

Redemption fund, how used.

SEC. 9. That all taxes so paid to the Government upon said United States Government bond notes and said United States national-bank notes shall constitute and be known as the "United States National-bank Note Redemption Fund," and be held exclusively for the redemption, first, of the United States Government bond notes; second, for the United States national-bank notes in the event of the liquidation of any bank organized under this law: *Provided, however*, That when said "Redemption Fund" shall exceed five per centum of both the United States Government bond notes and the United States national-bank notes such excess shall belong to the United States Government and may be used by it to defray its general expenses.

Use of excess over 5 per cent.

Clearing-house districts, how formed. Banks must belong to some district.

SEC. 10. That the board of finance shall divide the United States into clearing-house districts, and each bank organized under this act shall belong distinctively to some one district, and the number of such district shall be plainly and prominently printed upon the said United States national-bank notes issued by the banks located therein. The several banks of each district, upon receiving United States national-bank notes belonging to any other district, shall forward the same to a bank in a clearing-house city, which shall return them to the district to which they belong.

Notes must be returned to their district.

Legal tender between banks.

SEC. 11. That the said United States national-bank notes shall be a legal tender at par between all national banks, and the same shall be redeemed upon presentation at the bank of issue in gold coin, or at the option of the bank of issue forty per centum thereof may be redeemed in United States Government bond notes.

Banks outside must clear through some bank in clearing-house city.

SEC. 12. That each bank organized under this act and doing business outside of a clearing-house city shall select some national bank in the clearing-house city of its own district through which it shall redeem its United States national-bank notes in gold coin, or at the option of said redemption bank forty per centum thereof may be redeemed in United

States Government bond notes, and for said purpose shall keep on deposit with said bank a reserve of five per centum of the amount at any time outstanding, and said five per centum may be considered a part of its required reserve.

Banks with $20,000 authorized.

SEC. 13. First. That in cities with less than two thousand population banks may be organized under this act with a capital of twenty thousand dollars or any greater amount in multiples of five thousand dollars; but no bank shall be organized in any reserve city with a less capital than one hundred thousand dollars.

Branches may be established.

Second. That under such regulations and restrictions as shall be established by the said ministers of finance, national banks organized under this act may establish branch banks by and with the consent of said ministers. such branch banks to have the right to receive deposits, make loans, grant discounts, and buy and sell exchange, but in no case to be permitted to issue circulating notes other than those of the parent bank. It shall in all respects be considered as a part of the parent bank, and in each case where such branches are maintained the ministers of finance shall receive in the reports of the central bank a statement, properly sworn to and attested, of the condition of its branches.

Said ministers of finance shall also have the right of separate and independent examinations, and they may, whenever they deem it necessary, require, before granting the right to any bank to maintain branches, that the paid-up capital stock of such bank be increased to an amount to be fixed by them.

United States Government shall redeem notes.

SEC. 14. First. That in the event of the liquidation of any national bank organized under this act the United States Government shall redeem. upon presentation, after notice given as herein provided, any of said United States Government bond notes or said United States national-bank notes. reimbursing itself for the full amount thereof out of the assets of said bank, and distribute the remaining assets among the depositors and all others having claims in the same manner as now provided by law.

Notes to bear interest.

Second. That from the time of the suspension of said bank up to the date set by said ministers of finance for the redemption of said United States national-bank notes, they shall bear interest at the rate of five per centum per annum. Such notice shall be given in some newspaper printed in the clearing-house city where said notes were cleared: but nothing herein contained shall be construed to impose any liability upon the Government of the United States, or any of its representatives, beyond the amount available from time to time out of said "United States National-bank Note Redemption Fund."

Banks may insure depositors.

SEC. 15. First. That any bank organized under this act may at any time after nineteen hundred and five, with the consent of the ministers of finance,

insure its depositors against loss by paying into the United States Treasury one per centum upon the average balance of deposits of the preceding fiscal year, and one-half of one per centum upon the average annual balances thereafter until the amount so paid into the United States Treasury by said bank shall amount to five per centum of the average balance of said bank for the last preceding year, and that said ministers of finance may then suspend said tax for the time being. If the deposits of said bank shall increase, or for any reason the amount of the insurance fund to the credit of said bank shall be less than five per centum of the deposits, said ministers may reimpose said tax of one-half of one per centum upon the deposits of said bank; and if said bank shall fail to pay such tax at any time after the payment of said one per centum the amount already paid by said bank shall be forfeited to the United States Government and the insurance of said depositors shall thereupon cease.

Depositors' insurance fund.

Second. That the amounts of money so received shall constitute and be known as the "Depositors' insurance fund," and each bank shall be entitled to receive interest upon the amount standing to its credit in said "Depositors' insurance fund," at the rate of two per centum per annum, and the same shall be adjusted annually on the thirtieth day of June.

United States Government shall pay depositors in sixty days.

Third. That in the event of the suspension of payment by any bank so insured of any of its liabilities as they accrue, the United States Government shall, within sixty days thereafter, no reorganization then pending, pay the depositors of such bank in full all their just claims, if no question has been raised thereto; but nothing herein contained shall be construed to impose any liability on the Government of the United States, or any of its representatives, beyond the amount available from time to time out of said "Depositors' insurance fund."

United States Government may reimburse itself.

Fourth. That the United States Government shall thereupon reimburse itself out of the assets of said bank for any and all such moneys paid out on account of said deposits, less the amount standing to the credit of said bank in said "Depositors' insurance fund;" and the remaining assets shall be distributed among the creditors in the same manner as now provided by law.

Guarantee funds, how to be invested.

SEC. 16. That all moneys received by the United States Government on account of the tax upon United States Government bond notes and United States national-bank notes, or on account of the taxes paid to insure depositors against loss, may be invested in the following classes of securities, and no others: First, United States Government bonds or United States certificates of indebtedness; second, the bonds of any State which has not defaulted in the payment of either principal or interest of any of its indebtedness for twenty years just preceding such investment; third, the bonds of any city in the United

States having a population of more than one hundred thousand, and which has not defaulted in the payment of either principal or interest of any of its indebtedness for twenty years just preceding such investment.

Means ministers have of carrying the act into effect.

SEC. 17. That for the purpose of carrying this act into effect and enabling the banks organized hereunder to maintain their required reserves, and for the purpose of equalizing and adjusting the relative use of gold and silver in the United States, the ministers of finance are hereby authorized and empowered to sell and dispose of any of said new two per centum bonds at par for gold coin, or to exchange the same for any of the legal-tender money of the United States at par; the bonds so sold or exchanged to be issued in denominations of twenty-five dollars, or multiples thereof, at the option of the buyer, and to become due and payable in nineteen hundred and fifty; and the said ministers, for the same purpose (with the concurrence of the Secretary of the Treasury), are also authorized and empowered to exchange from time to time gold bullion or gold coin for silver bullion or silver coin. and silver bullion or silver coin for gold bullion or gold coin.

Loans to officers and employees.

SEC. 18. That the loans and discounts of any bank organized under this act granted to its executive officers or employees shall in no case, directly or indirectly, exceed ten per centum of the capital, and the same shall be secured by proper collateral, or by an additional signature or signatures of financially responsible persons to the notes taken, and that the same be made only upon the written approval of a majority of the board of directors and a separate record thereof kept.

Loans to directors must be secured or authorized by board.

SEC. 19. That no loan shall be made to a director not an executive officer of the bank except either upon a deposit of good and sufficient collateral security, or upon a note given therefor, bearing, in addition to such director's own name, the signature or signatures of one or more financially responsible persons, or unless a resolution has been passed by the board of directors and signed upon the record by at least a two-thirds majority thereof giving to such director a line of credit covering any advances to be made to him.

Penalty for breaking law by officers.

SEC. 20. That any president, vice-president, cashier, assistant cashier, or employee of any bank organized under this act who shall be convicted of unlawfully borrowing or using any of the funds of the bank with which they are connected shall be imprisoned for ten years, and any officer of any such national bank at the time of its failure shall be ineligible to any official position in any national bank thereafter.

Not to engage in speculation.

SEC. 21. That it shall be unlawful for any national bank to engage in the promotion of any enterprise, or to loan the funds of the bank upon the bonds or securities of incomplete and partially developed

projects of any kind, such as partially constructed railroads, street-car lines, electric-light, gas, water, mining, manufacturing, or irrigation plants.

Directors must examine.

SEC. 22. That upon a day in each year to be designated by said ministers of finance, the directors of the national banks shall be, and are hereby, required to make an examination of the affairs of the bank with which they are connected. and submit their report thereon upon blanks furnished by said ministers, and said report shall be signed by at least three-fourths of said directors.

Assistant cashier may sign notes.

SEC. 23. That the assistant cashier, in the absence of the cashier, or on account of his inability, shall be, and he is hereby, authorized to sign the circulating notes of the bank, and sign and make oath or affirmation to the reports called for by said ministers of finance showing the condition of the bank with which he is connected, and such oath or affirmation and all others required of bank officers may be administered by any notary public or commissioner of deeds.

Oaths may be taken, how.

Clearing-house charters may be granted by Government.

SEC. 24. That the clearing houses of the respective districts shall act under charters granted by the United States Government, running for fifty years and authorizing them to effect clearances between banks and to do other business for and between banks, in accordance with such rules and regulations as may be prescribed by said ministers of finance from time to time.

Deficiency in revenues may be provided for by sale of bonds.

SEC. 25. That to provide for any temporary deficiency now existing in the Treasury of the United States, or which may hereafter occur, the Secretary of the Treasury is hereby authorized, at his discretion, to issue certificates of indebtedness of the United States, payable in from one to five years after their date, to the bearer, in gold coin, of the denomination of twenty-five dollars, or multiples thereof, with annual coupons for interest at a rate not to exceed three per centum per annum, and to sell and dispose of the same for not less than an equal amount of gold coin at the Treasury Department and at the subtreasuries and designated depositories of the United States and at such post-offices as he may select. And such certificates shall have the like qualities, privileges, and exemptions provided in the resumption act (approved January fourteenth, eighteen hundred and seventy-five, entitled "An act to provide for the resumption of specie payments") for the bonds therein authorized. And the proceeds thereof shall be used for the purpose prescribed in this section and for no other.

SEC. 26. That all acts or parts of acts inconsistent with the foregoing shall be, and the same are hereby, repealed.

The measure which I now submit for your consideration is but an elaboration and redraft of my former bill, H. R. 6442, and my remarks will only be an extension of what I said before the committee on March 23, 1896.

IMPORTANCE OF A CORRECT UNDERSTANDING.

It will be comparatively useless to attempt to deal with the financial question unless the evils from which we are suffering are clearly understood.

As well might the physician attempt to treat a patient without diagnosing his case. It is generally admitted now, I think, that treatment is comparatively easy if you have discovered the cause and thoroughly understand the disease.

As the treatment of any case depends upon the diagnosis, and as treatment must diverge as opinion with regard to the difficulty diverges, our first effort should be to find as many causes of our trouble as possible upon which we can all agree, so that we can proceed along well-established and well-recognized lines of treatment.

In the first place, I think all agree that our deplorable condition is due to an organic weakness and a functional malady often reaching an acute form, and that during the past three years our condition has been chronically acute. Our trouble involves both our national finances and the currency system of our banking institutions. We may administer a few sugar-coated flour or dough pills like increasing the circulation to par of the bonds and allowing banks to organize with smaller capital in out-of-the-way places, and thereby allay the apprehensions for the afternoon; but unless we actually remove the organic difficulty on the one hand with an unequivocal measure of value, and reenforce the blood by infusing into the currency arteries the buoyancy and elasticity of our vast but rapidly exchanging wealth, this old malady will ever return in more and more malignant form, prey upon an ever-weakening constitution, produce greater and greater anæmia, and end in disorder and ruin.

FUNDAMENTAL TROUBLE.

Let us inquire first, then, what the organic or constitutional weakness is. It began by the Government issuing its first paper money, possibly of necessity, but foolishly kept in circulation long

after the necessity, if any ever existed, had disappeared; and it is no guaranty of wisdom simply because the Supreme Court has decided that Congress could make nothing but a piece of paper, that was always being redeemed and yet is never retired, a legal tender. There are a great many things that Congress can do and does do that are supremely and superbly foolish, and conspicuous among its acts of this character was the act perpetuating the existence of the greenback long after its purposes, if born of necessity, had been served. If a small portion of the money that was used in paying off the Government bonds which could not annoy us had been applied in liquidating our demand obligations, we would have been saved an immense amount of financial trouble, and a vast amount of interest, too, before we have finished the greenback chapter. But we were not satisfied even with getting $346,-000,000 for nothing throughout eternity, so we started out upon the silver scent; and while we were cunning enough in the act of 1878 to hide behind the coined dollar deposited, we had the hardihood in 1890 of increasing our demand obligations at the astounding rate of $50,000,000 a year, with no way of meeting them except the taxing power of the Government. We did not even assure the people and the world of our good faith by putting up a redemption fund corresponding with that lodged against the greenbacks.

CREDIT STRAINED.

What happened? We soon found that technically we had, including the national-bank notes, about $1,000,000,000 of demand obligations out, and only the same $100,000,000 we thought necessary to protect the $346,000,000 greenbacks, when, in fact, we ought to have had at least $300,000,000 of gold under the circumstances.

DISTRUSTED BY ALL.

All classes of our people, to say nothing of the business men, and particularly the bankers, were looking each other mysteriously in the face and inquiring whether it might not be well to hide away some gold. The foreign broker, wanting to appear conservative and protect his client, and of course get another commission on an exchange of securities, advised extreme caution, pointing out that it would be impossible for the United States to maintain

the gold standard, and that it was in a position, in fact, to slide from under when the crash came.

What has been the result? The American people of every class have been hoarding gold, while the foreigners have been withdrawing their investments, and, what is quite as bad for an undeveloped country, withholding their money from us.

OUR DEMAND OBLIGATIONS REQUIRE SALE OF BONDS.

The large outstanding demand obligations of the Government enable those who want gold at home or abroad to force the Government to go on forever paying these greenback and silver demands over and over again, and yet they may never be retired. The only remedy left to the Government under the present circumstances is to sell bonds in advance and corner the $500,000,000 greenbacks and Treasury notes, about which there is no possible doubt as to what the Government has got to do, and then wait for a test case of a silver certificate, which must result in the same conclusion and the Treasury be confronted with $335,000,000 more of demand obligations, while the Government, which the unthinking call the richest in the world, in this very connection finds itself without any of those resources of a bank to meet its debts and literally stripped of every means of defense except its power to tax the people. Was there ever a more pitiable spectacle in the world?

From the foregoing we have discovered some of the disastrous effects growing out of our organic difficulties.

We have observed:

First. That on account of doubt gold constantly left the Treasury and the country.

Second. That our people nursed their gold, and the United States Treasury was compelled to furnish all the gold that was wanted for any purpose whatever, without having any resource except the power to tax the people, and yet must continue an unlimited amount of the paying business of a bank.

How shall we meet the first difficulty and prevent a stream of gold from flowing out of the country and stop the drain on the Treasury by our own people?

There is and will be but one permanent cure, and that is an unequivocal measure of value approved and adopted by all the lead-

ing commercial nations of the world, and determined by all human experience to be best suited for settling the balances of trade.

EXPLICIT TERMS IMPERATIVE.

So long as political parties straddle, and so long as it is possible for members of Congress to declare that the bonds of the United States are in terms payable in silver as well as gold, and so long as one branch of Congress or the other shows its disposition by a vote to take advantage of the word "coin," so long will a most expensive, indeed possibly a ruinous, doubt hang over this country.

COMMON HONESTY A NECESSITY.

Of those who declare that we are on a gold basis and are going to pay our obligations in gold I would like to inquire, Why do we not put it in black and white and save this country millions in interest every year, and secure hundreds of millions for investments to develop our vast resources? For there is no country on the face of the earth with our citizenship, civilization, well-established laws, and natural resources (which are the magnets that determine where capital goes), and therefore so assuring to capital, as our own, if the measure of value were only unalterably fixed.

How shall we overcome the second difficulty, that has made this great country ridiculous and may render it financially impotent, because the people demand that this debt-doubling process shall cease, little dreaming of the consequences that must ensue? If we would escape the incomprehensible trouble in either event, we must cease the anomalous position of filling all the paying functions of a bank without any of its natural resources.

In other words, the two remedies for our organic difficulty are these:

FUND THE DEBT.

First. Refund our national debt in long-time 2 per cent gold bonds, furnishing a basis of circulation for our national banks and thereby giving to the people a money redeemable in gold over the counter of the bank of issue, thus utterly destroying the gold-hoarding habit at home, and dissipating the last vestige of doubt and fear abroad.

RETIRE ALL DEMAND OBLIGATIONS.

Second. Get the Government out of the banking business by converting the greenbacks and Treasury notes into metal reserves

of the national banks, and send the silver dollars whirling into the tills of our merchants and over the counters of our banks.

NATIONAL CREDIT ALWAYS SAFE.

This done, the credit of the nation can not be threatened in times of peace and ought to be maintained unimpaired in times of war. Its business would then be just what that of New York, Chicago, or San Francisco is—the collection of money for the payment of current expenses—and every dollar of the $625,000,000 of gold in the United States would be free money, and would be taken from the safe-deposit boxes, drawers, and stockings and turned into the channels of commerce.

OUR TROUBLE NOT LACK OF REVENUE.

So far as I have been able to discover, there is but one other view entertained with regard to our organic weakness, and that has been entertained by my fellow-Republicans—indeed, originated with them—but which is far more political than philosophical, and which will not stand the test of fact established by investigation.

Beginning with President Arthur, we were warned continually of the danger that would grow out of expanding our demand obligations, and all recognized economic writers pointed out the danger long before President Harrison left his office. Even before there had been a deficiency, Secretary Foster was panic-stricken and the Republican Administration had prepared and was ready to issue $50,000,000 of bonds for no other purpose than to build up the credit of the nation by increasing the reserve.

I think it will not be denied by anyone who will take the trouble to study the changes from 1878 to 1893 that had the Government begun in 1878 to cover the depreciation of the silver coined with a proper reserve of gold and continued that policy down to 1890 and through all the operations of the Sherman Act to 1893, gradually increasing the reserve up to about $300,000,000, there would have been no apprehension with regard to the ability of the Government to meet its demand obligations, even though it was compelled to sell $150,000,000 of bonds to cover the deficit growing out of the lack of revenue.

If this be true, then it is clear that it was simply the expanded credit and not the lack of revenue.

After much honest and earnest investigation on my own part,

I am satisfied that the lack of revenue has been in no sense the cause of the trouble, although I am of the opinion that it has served to scrape the scab off a most angry, violent, malignant, and festering sore and kept it a running one. The real trouble was in a lack of that prudence on the part of the Government that a good banker usually exercises in increasing his reserves as his demand obligations expand.

LARGE GOVERNMENT RESERVE UNWISE.

But what a frightful waste this prudent policy would have involved, the locking up of $300,000,000 of money for no other purpose than the safe conduct of a most unwise and foolish policy. Nor would the popular will of the country remain silent while so vast a sum was being withdrawn from the channels of trade and the currency correspondingly contracted. This inherent or constitutional evil from either point of view was to breed discontent and disaster.

While discussing this fundamental difficulty, it may be well to allude to the objection, that has been urged to the gold cure here proposed, on the part of the so-called bimetallist, but the more accurately described silver monometallist, and that is an international bimetallic arrangement.

A WORD TO BIMETALLISTS.

To these so-called bimetallists I think we may confidently say that so far as the public sentiment of this country goes two things have been established beyond all peradventure:

First. That the American people are unalterably opposed to the free and unlimited coinage of silver.

Second. That if this country hopes to secure an international arrangement for the free coinage of silver at any ratio, they will be far more successful in their endeavor to do so if they place themselves squarely upon the gold standard, showing to all the rest of the world that there is absolutely no possibility of this country adopting the free coinage of silver while the other great commercial nations of the earth take all the gold and leave us nothing but silver. The way to reason with the selfishness of nations is to exercise the power of compulsion, and the mere possibility that this great country may in some moment of aberration adopt the free-coinage fallacy stands in the way and will

do more to defeat an international arrangement than all other causes combined.

USE OF METAL SALUTARY.

Then there is another class, who would sacrifice everything to convenience, instead of all convenience to principle, and who urge the inconvenience of using metal instead of paper money, when, as a matter of fact, the salutary effect of having the metal among our people offsets it tenfold. Among these are even those who would not propose to have anything but good paper money, and yet urge the inconsequential consideration of convenience while a great principle is involved, even the credit of the nation. The question of convenience can only be considered after the problem has been solved upon sound economic principles.

Having pointed out what seems to me to be the organic disorders, and dissipated the erroneous diagnosis of those who claim that all our woe is due to lack of revenue, and having pointed out that the very objection of the theoretical bimetallist is really his best if indeed not his only hope of success in securing an international arrangement, and having brushed away the dewy suggestion of convenience, I think we have clearly discerned the true organic weaknesses from which we are suffering.

These being the fundamental difficulties, there can be no question about the remedies that have been suggested.

Assuming that our measure of value has been placed beyond the reach of cavil and forever settled, and our Government has no connection whatever with the currency of our country except as trustee, let us proceed to inquire what the functional trouble is affecting our monetary system.

OUR PRESENT BANKING SYSTEM BAD.

I am one of those who believe that we have one of the best banking systems in the world in some respects, and who also believe that it is equally bad in others. All the superficial defects, all the apparent evils, like eruptions on the human body, which are due to disorders of the blood, are due either to too much or too little money to handle the commerce of this great country at any given time.

Any banking system like our own, which results in a currency panic in one city or several localities or possibly all over the United

States every time there is the slightest commotion in any department of commerce, is like an epileptic patient who goes into fits upon the slightest provocation.

Everybody asks, "What is the trouble?" And everybody who has taken the time and trouble to investigate the subject answers, "The want of a sound, elastic currency."

TRUTH AND PATRIOTISM, NOT TRADITION AND PREJUDICE, SHOULD CONTROL OUR THOUGHTS.

We have reached a point in this matter that demands patriotic and heroic action.

We should at once acknowledge every established fact and follow every vein of truth wherever it may lead, if happily we may find a solution to this intricate problem, and save our country from the stress of a continual financial storm and bring back confidence in us throughout the world and secure the blessing of prosperity to our own people.

It has been with this spirit that I have pursued my study and indulged my thought, which has stripped me of some pet notions and dislodged many of my preconceived ideas that were born of political bias or were the children of wishes growing out of party zeal or the inheritance of some tradition partially true or utterly false. And now, when I pass my country in review and contemplate the stupendous losses and frightful havoc of recent years, I am impelled to hope that Diogenes may again appear with his candle and not cease his search until he has found a clear, frank, and honest political platform upon which the American people can fight this thing out, as they are longing to do.

As in 1858 Abraham Lincoln foresaw that this Government could not endure half slave and half free, so now it is clear that the domestic prosperity and commercial supremacy of this nation among all the nations of the earth wait alone upon our unequivocal declaration and irrevocable decision as to our measure of value.

OUR PEOPLE FAVOR THE GOLD STANDARD.

The American people, strictly honest, highly intelligent, and supremely brave, are in favor of the gold standard as a measure of value because all history has shown it the most stable metal, all experience has proved it best suited for settling the balances

of trade, and all the leading commercial nations of the earth have approved and adopted it. And while our people are in favor of the use of so much paper and silver money as is consistent with prudence and the demands of business, they are unalterably opposed to the free and unlimited coinage of silver.

THE EXPERIENCE OF OTHERS SHOULD INFLUENCE US.

In discussing this question we can not take the position of the schoolmaster, the theorist, or the dogmatist; but with a full and perfect knowledge of our present currency, our individual banking system, the extent of our country, and the magnitude of our commerce, we should attempt the solution of this most difficult problem.

The experience of other countries, so far as they have established principles that are equally adapted to our condition, is valuable; but we can not assume that everything that has worked well elsewhere will necessarily work equally well here. It is a question very largely of discrimination and adjustment. However, it is no evidence that because conditions elsewhere are very different from our own, that their experience is of no value to us, or that what has been well done there can not be equally well done here. Common sense here, almost more than anywhere else, must serve as a ballast to theory. Prejudice must give way to truth, and selfishness to principle.

A SUDDEN CHANGE UNWISE.

To suppose that the people of the United States will give up a secured currency in a day, a week, a year, or a decade even, for a credit currency, is a most violent presumption, even if such a thing were sound in principle. Again, even if they were willing to do so—and credit currency is sound beyond a peradventure in principle—I do not believe that such a step would be wise.

Banking is a development; it is the result of evolution; and each of the great commercial nations has its own system of banking which is still in the process of evolution. While our movement should be in the direction of radical changes, the movement itself should not be radical, so that what may be proposed may be tested and gradually adjusted to the vast and complicated factors involved in our commerce and banking.

SECURED CURRENCY IS INELASTIC.

That any system of secured currency does lack and must lack all the elements of elasticity I presume no one here doubts. If, however, there are those who think that our system has ever responded and contracted as the demands of commerce required, they have only to consult our bank-note circulation by years and be convinced that it has practically been controlled by the normal demand of money on the one hand and the profit on the bonds on the other, and has often been lowest when it ought to have been highest, and highest when it ought to have been lowest. There is no pretense that it has been taken out every fall when the crops were to be removed and has automatically contracted when they were disposed of. It was $146,000,000 in 1865, $340,000,000 in 1875, $301,000,000 in 1877, $352,000,000 in 1882, and $122,000,000 in 1890. It is now about $200,000,000.

A TRULY ELASTIC CURRENCY WILL ALWAYS REFLECT LOCAL CONDITIONS AND COMMERCIAL ACTIVITY.

No system of currency will ever have the quality of true elasticity which does not reflect commercial activity and which must pay a tax when it is idle; hence the normal demand throughout the year will be the only material factor affecting the issue.

It will readily be seen why we have money panics somewhere nearly all the time and everywhere some of the time. Under a properly regulated system I think one may safely say there should never be a currency famine anywhere at any time.

The great bulk of the money, the normal money, of any country, may be gold, silver, and secured currency, no one of which, nor all of which put together, is elastic. But to properly and adequately provide for the extra demand for money to handle crops and manufactures, to meet the disturbed conditions in commerce and the flurries in finance, something more is needed and demanded.

THE NATIONAL DEBT WILL SOON BE PAID OFF OR MUST BE FUNDED.

Again, it is admitted that it will not be very long before the national debt will be paid off or much reduced. We all remember what consternation there was throughout the whole country about contraction when President Harrison was paying off the national debt at the rate of about $100,000,000 a year during part

of his Administration. Our system had absolutely no power of self-adjustment. Some were demanding that we have State bonds for security; some suggested city bonds; some urged railroad bonds; some sought relief in the repeal of the tax on State banks, while the bankers met at Baltimore and issued the plan bearing that name. All was confusion; all was chaos; nothing was done.

Now that there has been a slight increase in our bonded indebtedness, some talk as though it were to continue throughout eternity. In the light of a surplus revenue of $1,333,000,000 from 1879 to 1889, such a suggestion is idle talk, for everybody knows that if the Government were disposed to do so it could wipe out this entire debt in five years, and that to distribute the liquidation over a period of ten years would render the burden so light as not to be noticed. Nothing is more certain than the absolute necessity of some system to succeed the present one in the course of time, and nothing is more important than that there should be an evolution in passing from one to the other and not a revolution, with all its shocks, misfortunes, disasters, and ruin.

IGNORANCE OF TERMS.

As a preface to what I am going to say, I will venture the assertion that you can not mention the matter of credit money in any chance meeting of a dozen business men that some of them—indeed, in most instances a majority of them—will not shrug their shoulders and think of what they may remember, if age will permit, or what their fathers have told them about "red-dog," "yellow-dog," or some other dog money, as though they had heard or read all about all kinds of money, when, as a matter of fact, all they know about it is that there really was "red-dog" money, and that the dog died. Neither the cause nor the circumstances surrounding his death seem ever to have entered their minds.

But, discarding the follies of the past, let us inquire into our necessities and misfortunes with a determination of overcoming them, if possible.

LOANING DEPOSITS AND LOANING BANK NOTES ARE IDENTICAL.

As a preliminary but fundamental truth, I suppose all my listeners realize that there is not the slightest difference between a bank which has $100,000 capital and $100,000 of deposits subject to

check, with $75,000 of its deposits loaned out on sixty-day two-name paper, and $25,000 reserve, and a bank which has $100,000 capital and $100,000 of credit notes outstanding, $75,000 of which having been loaned to identically the same men as in the former case and on the same conditions—sixty-day two-name paper, with $25,000 of notes turned into cash for a reserve against the $100,000 of notes.

When there are abundant deposits there will be no notes issued under ordinary circumstances, but where there is little wealth in the form of money, but great wealth in other forms, and much money needed to develop it, there notes will be issued.

CITY AND COUNTRY COMPARED.

This fact can be illustrated by a comparison of the national banks of the city of New York in 1884 having $46,000,000 of capital, with all the national banks of the State of Massachusetts, outside of Boston, having $45,000,000 of capital. In the former the deposits amounted to $184,000,000, and the banks' circulation was but $13,200,000; while in the latter the deposits were but $45,400,000, and the circulation outstanding was $35,800,000—about three times as great.

SUFFOLK SYSTEM.

Again, during the operation of the Suffolk system at Boston, which was before Yankee ingenuity was crystallized into millions, and every river, stream, and rivulet was turned into a source of wealth, the country banks had no deposits to speak of, and many of them, considering the inconvenience of travel and the slowness of mail, were, speaking from our present facilities for both, thousands of miles away. Some of the Maine banks with an actual capital and downright honesty were, though more remote then in a business sense than California is now, issuing their notes and clearing at Boston, thus enabling the sturdy sons of that then far-off region to develop the great resources of that section. So it was with nearly all of New England; but the current redemption which the system enforced kept their money absolutely good.

BANK OF FRANCE LOANS ITS NOTES.

Allow me to call your attention to the condition of the Bank of France January 1, 1895. Its capital is $36,500,000, with deposits, public and private, of $163,480,000; its outstanding notes, $701,140,000. The amount of cash on hand is $636,980,000, showing that

the bills receivable taken in for the notes issued have been paid off and the notes are still outstanding.

It must not be forgotten in passing that the legal note issue, at present, of the bank is $800,000,000; but it does not seem to issue it and foolishly loan it just because it can do so. It will be observed that it had $100,000,000 still unissued.

Again, it must be remembered that there is not one dollar of specific security for any part of the whole $800,000,000 issue, which is a legal tender so long as redemption is maintained. This vast issue rests upon and is protected by the bills receivable taken in exchange for the notes, or the proceeds of those bills receivable which have already been paid off.

CREDIT CURRENCY IN GREAT BRITAIN.

Great Britain, too, has her system of credit notes and metal method of expansion. The banks of England and Wales, outside the Bank of England, have the power to issue credit money amounting to £4,813,400, or about $25,000,000. But on the 1st day of January they had outstanding only $10,000,000, leaving credit money to be issued, if needed, amounting to $15,000,000.

SCOTCH BANKS.

The Scotch banks have an authorized issue of credit money amounting to $13,381,750, and on the 1st day of January had outstanding only $6,985,675, leaving to their credit and unissued about $7,000,000, which could be put out if conditions called for it.

IRISH BANKS.

The Irish banks have an authorized circulation of credit money amounting to $31,772,470, and on the 1st day of January there was issued only $15,000,000, leaving to their credit and unissued $16,772,470.

From these facts is it not reasonable to conclude that the same degree of caution is exercised in issuing credit notes as in loaning the deposits of the banks? A careful comparison of the figures shows that on the 1st day of January, 1895, they had issued less than 50 per cent of their authorized credit circulation, which aggregates about $70,000,000.

It must not be forgotten in this connection that we are now dealing with a country of vast accumulations and immense bank deposits. The prudence of the credit issues of Great Britain are

certified to by the fact that in Scotland, the home of the system, there have never been but three bank failures worth mentioning.

METAL EXPANSION OF THE BANK OF ENGLAND.

In the beginning of my comment upon Great Britain I alluded to her system of metallic expansion. The position of the Bank of England is a most unique one, in that when they need more money or gold in England, London being the clearing house of the world, it is obtained by simply raising the rate of interest to a point that will attract gold from the money centers of the Continent, and against this the issuing department puts out its Bank of England notes.

SUSPENSION OF THE ENGLISH BANK ACT.

Notwithstanding the various facilities for meeting exigencies, the Bank of England, owing to the fact that a limit was placed upon its issuing power by the act of 1844, which it was supposed at the time would forever end all panics, suspended, as it is called over there, and the limit set aside October 25, 1847, November 12, 1857, and May 12, 1866. In February, 1861, and in May and September, 1864, the condition became critical also, while in 1873 the suspension of the act seemed certain for some days. By many it is now thought that it was a mistake to set a limit, for on all occasions when the emergency has arisen she has suspended the act and issued the requisite amount of money to meet the demand.

GERMAN BANKING.

At the formation of the German Empire, when the financial arrangement was being adjusted, the English act of 1844 was largely followed, except in this particular power of issuing credit money, for they had learned by experience and observation of the English system that there was no limit except that set by necessity when the crises recur.

LIMIT OF ISSUE PASSED.

No limit was fixed, but rules and restraints were established to keep it down to a certain point—385,000,000 marks, or about $100,000,000 of money—which was apportioned among the several banks, with the privilege of passing the limit if cash of a certain description was held; but, having passed the limit of issue fixed without cash to cover, the only penalty was a tax of 5 per cent per annum upon the notes issued. This limit has several times been passed

by the smaller banks, and also by the Reichs Bank itself, the institution representing the Empire. This happened in the case of the Reichs Bank in December, 1881; in September and October, 1882; in December, 1884; in January, 1885; in December, 1886, and three times in the latter part of 1889. The overissue September 30, 1895, was $9,200,000; October 7, 1895, was $4,100,000; December 31, 1895, was $29,400,000. On some occasions the issues were much beyond the fixed limit, and it is now certain that in several instances the German community was saved from the shock of panic and the spasm of contraction which would have been inevitable if they had been acting under the English banking act of 1844.

But nearer home, even at our very doors, we can find an apt illustration of automatic banking currency.

CANADIAN SYSTEM.

Canada has no mint of her own, but uses our gold pieces as her standard money. The Canadian system is founded upon the Scotch system, many of her leading citizens and most prominent bankers being of Scotch origin.

The banking capital of Canada amounts to $62,196,391, or bears about the same proportion to their population that our banking capital bears to our own.

The Canadian banks have the right to issue credit money to an amount equal to their paid-up and unimpaired capital, which would be $62,196,391. But, as a matter of fact, they have never exceeded $38,000,000, and the greatest expansion in any one year to move the crops was $7,000,000, while January 1, 1896, it was only $32,565,179, about one-half the limit.

Each of the banks is interested in getting out its own money, and therefore is equally interested in keeping the current of redemption running strongly all the time over the counters of all the other banks.

It is a most striking fact that while we are scarcely ever out of a money panic, and consequently a currency famine, Canada does not know what either means.

ALL EXPERIENCE JUSTIFIES CREDIT CURRENCY.

It would seem from all these illustrations—the Suffolk system, the Bank of France, the Scotch banks, the Irish banks, the Eng-

lish banks, the German banks, and the Canadian banks—we may fairly conclude that credit currency is as good as any in the world, and, indeed, in case of war, when securities often go out of sight, it is better, because resting upon sixty-day bills receivable, which are almost certain of payment without delay or loss, at least a very great portion of them.

ARE WE AN INFERIOR PEOPLE?

To the man whose reply is—and this is the only answer to this array of evidence—the plan may work well in all the rest of the world but would not do for us, I desire to say that such an admission is an impeachment of our civilization; a plea of guilty to the charge that we are a violent people: a confession that our prudence and money-saving qualities are overshadowed by those of every other nation (which is not true); a declaration that we are unfit for self-government, and consequently self-control, which more than a hundred years of the most glorious history of the human race contradicts and rebukes.

Would any man seriously contend that the president, cashier, or board of directors of a bank would be more foolish in loaning the notes of a bank than its deposits, when circumstances will bring them to its counter for redemption with the certainty and promptness of the checks drawn against its deposits?

"But," said one of the Banking and Currency Committee the other day, "such an expansion will lead to unwise speculations and all its evil consequences." What has just been said clearly shows there would be and could be no undue expansion of money calling for an immediate metal redemption any more than there is to-day.

CREDIT, NOT MONEY, STARTS SPECULATIONS.

Have you ever inquired into the subject of booms and financial cataclysms with a view of ascertaining what, if any, connection they have had with money—real money—money currently redeemed? Have you ever thought it out to the last analysis and found that the increase of money has had absolutely no connection with the great speculations throughout the world during the past thirty years, but that every one of them has been due to our gambling instinct, encouraged by an undue expansion of credit and invariably long credit?

Have you ever thought of it? There has been absolutely no connection between the per capita circulation in the United States and the various booms and consequent shrinkages. From 1865 to 1873 our circulation contracted from $20.57 per capita to $18.04 per capita. In 1885 and 1893, respectively, our circulation was $23.02 and $23.85 per capita.

Increased circulation had absolutely nothing to do with the Birmingham, Dallas, Kansas City, Wichita, Omaha, Minneapolis, St. Paul, Duluth, Spokane, Seattle, Tacoma, and Los Angeles speculations and reactions; nor a thousand others in the United States and elsewhere.

Increased circulation had nothing to do with the Australian bubble. Increased circulation had nothing to do with the South American gambles. Increased circulation had absolutely nothing to do with that unlimited buying of the London market, from 1886 to 1890, when you could sell almost anything from a beer saloon to an undiscovered continent in that market.

NINETY-TWO PER CENT OF OUR BUSINESS IS DONE BY CHECKS AND DRAFTS.

Now, since a system of credits in the form of checks and drafts performs over 92 per cent of our work and constitutes the vital factor in effecting nearly all our commercial exchanges, and since we have discovered that all the leading commercial nations of the world have successfully employed credit money based upon the liquid wealth of commerce, and have thereby escaped the difficulties and misfortunes necessarily growing out of an inelastic currency, and since an erroneously supposed connection between currently redeemed credit money and credit expansion does not exist, in fact that they bear no relation whatever to each other, have we not found a remedy for our ever-recurring panics and currency famines?

For these it will certainly prove a specific cure, while for our whole people a source of profit and advantage that can not be measured or comprehended because of a better distribution of the normal amount of our money and a natural, constant, and adequate supply at every point where it is needed to handle our products or develop our resources.

Having discovered our ills and the proper remedies, it is our task, taking into account every fact and condition, to draft a bill

that will do what we have found necessary to preserve our financial honor and conserve our commercial prosperity.

EVILS TO BE OBVIATED.

First. We have seen our vast national banking interest, consisting of 3,712 institutions, with resources amounting to $3,423,629,-343.63, and transacting a business of more than $60,000,000,000 per annum, between the rising and setting of the sun, pass from one political representative of one Administration to that of another, when our banking interests, as a matter of fact, should be free of and unaffected by political caprice or change.

Second. We have found that there is a possibility of doubt about our measure of value, when it ought to be undoubted, unequivocal, unchangeable.

Third. We have found our money hoarded by banks and individuals and congested in the financial centers, when confidence should take the place of fear and money seek the channels of trade.

Fourth. We have found our Government with a bonded debt of $847,362,920, bearing, mainly, 4 and 5 per cent interest, when it ought to be funded into a popular loan at 2 per cent as a basis of circulation, saving over $15,000,000 annually to our people.

Fifth. We have found our Government bound to redeem an unlimited amount of obligations, with no power to meet them except by taxing the people, when it ought to have no demand obligations except current expenses.

Sixth. We have found our Treasury warehousing $500,000,000 of silver, coin value, when it ought to be circulating among our people.

Seventh. We have found our Government a guarantor of the obligations of our banks, when it should be acting only as trustee for the note holders.

Eighth. We have found eight different kinds of money in circulation, when there should be but two besides gold and silver.

Ninth. We have found a system of currency as fixed in quantity as the stars, never varying necessarily with the months or the years according to the demand, but which may all be withdrawn to-morrow, if the bonds do not pay, when our currency should increase and decrease with the ever-varying exchanges of our wealth. In verification of this it is well to observe that during

those years of most wondrous development—from 1881 to 1890—our note issues fell from $325,000,000 to $123,000,000.

Tenth. We have seen legitimate commerce and development languish because of the restraint and high rates resting upon money, when it should automatically spring into activity at a reasonable rate of interest as the demands arise and disappear when the work is done.

THE PROPOSED CHANGES WOULD PRODUCE MOST SALUTARY RESULTS.

That all these difficulties may be obviated and these advantages secured without in the smallest degree disturbing public confidence, bringing the slightest shock to trade or commerce, or in any way affecting the finances of the Government or banking interests of the country, except to greatly simplify and immeasurably strengthen both, every frank and thoughtful man will admit after careful consideration.

It has been to accomplish these objects that I have prepared this bill which I now submit to every candid thinker without reference to party affiliations, confident that his judgment must at once approve its purposes and will, upon a thorough and exhaustive examination, adopt and advocate its principles.

Appreciating the breadth and technicality of the subject, I shall venture to discuss each provision of the measure in its order and point out its purpose and effect.

DISCUSSION OF THE MEASURE BY SECTIONS.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be, and there is hereby, created and established a department of finance, which shall have entire and exclusive control and supervision of all national banks, their right to take out secured circulation and issue their notes.

SEC. 2. That there shall be three ministers of finance, who shall take the place of the Comptroller of the Currency and constitute a board of finance; and said board of finance shall conduct the said department of finance. That said ministers of finance shall be appointed by the President, by and with the advice and consent of the Senate, and the term of office shall be for a period of twelve years, at a salary of $10,000 per annum; and said ministers shall be removed only by and with the consent of the Senate for cause stated in writing. That the term of the first three ministers shall be for twelve, eight, and four years, respectively. The minister appointed for twelve years, and his successors, shall be known as first minister of finance, and he shall preside at all meetings of the board of finance; and the remaining two ministers shall be known as associate ministers of finance.

PRESENT LAW NOT CHANGED.

These two sections refer to the same subject-matter, and while they make no material changes in the law, the effect of them would

certainly be to take the banking interests of the country out of politics, as only one minister could be appointed during each Presidential Administration.

WISDOM AND SAFETY IN ADVISORY BOARD.

Whether under the supervision of a single individual, however capable, banks have not been permitted to drift into irretrievable ruin on the one hand and often placed in the hands of receivers without warrant on the other, to the very great loss of all concerned, no one can ever definitely know. But inasmuch as the national banking act requires the association of at least five persons to form a bank, the Government has always presumed there was wisdom and safety in a consulting board as against a single individual.

PRESENT CRISIS DUE TO WANT OF WISE COUNSEL.

Indeed, it is hardly too much to assume that if we had had such a board of advisers, our present dangers might not now threaten us, for it is only after the horizon of any man is widened so that he can comprehend the needs of the entire country and his opinions are ripened and strengthened by that intelligence which is begotten of experience that his suggestions call for that weighty consideration which may well determine legislative action.

MINISTERS SHOULD BE REMOVED FROM POLITICAL INFLUENCE.

So long as men hold office at the will of the people or change with party succession so long will their opinions be colored by popular sentiment and influenced by prevailing prejudice, possibly a most salutary influence upon the usual legislative duties, but certainly most harmful to the judicial determination of any question, a fact that the fathers of the Constitution appreciated when they protected our Supreme Court against it by a life tenure of office.

LONG SERVICE IMPORTANT TO USEFULNESS.

Is not the character and importance of the great department of finance of 70,000,000 people such as to make it imperative that it be removed from any possible influence springing from the waves of passion that sweep over the country during our national contests? Again, every man who comes into the office of Comptroller must necessarily bring with him all the prejudices of his environment and the narrowness of local conditions, unless happily he

has been a man of large and wide experience. It would be most natural for him to think that the section from which he comes is the most important one simply because he knows nothing of any other; and until he can compare them all and view them as they actually are, treating them with equal justice, he will be comparatively unfit to fill so great an office. Nor can any man, however clever, hope to arrive at a proper appreciation of all the various sections and their still more varied interests within the present term of office. Indeed, just at the expiration of it he has arrived at a point in information and experience where his services ought to be of some real value to the Government.

WITH A LOW SALARY THE OFFICE IS A MERE STEPPING STONE TO POSITION.

Nor is the present compensation of the Comptroller of the Currency such as to retain any man of commanding ability longer than to develop an opportunity for his services in one of the large financial institutions of the country; and so to-day it is little more than a stepping-stone for that purpose.

This Government is entitled to and ought to have the ablest of its men in this most important department of public administration. Most important of all, because it has to do with and controls the very lifeblood of the nation's commerce and domestic trade; and if we shall rightly solve this great financial problem, there ought not to be any banks of discount to speak of operating outside of the provisions of the national-bank act. The number of institutions under the supervision of the Government will then exceed 9,000, while their assets will soon approach a ten-billion mark. Does not common prudence require that so vast an interest, affecting as it does the affairs of every individual and institution within our borders, shall not be subject to the passions of politics, to the ill health, death, or resignation of a single individual whose services may be more appreciated by some corporation than by the Government?

IMPORTANCE OF A CONTINUING BODY.

The term of office in this department should be for a long period of time and should not be subjected to the caprice of any Administration which may happen to come into power upon a wave of prejudice, which is invariably given to a narrow policy, and is usually deaf to the voice of reason. It is of the utmost importtance that those in charge of the office should be a continuing body,

so that the information and traditions accumulating from year to year shall be handed down to the respective successors. Each member of the board, as he comes into it, would be steadied by those who are his associates and who have accumulated much knowledge and valuable experience, which, through conference, he can at once make his own. Create this office upon these lines, which are commensurate with its character and responsibilities, and it will call for the ablest of our men, and will retain them if the remuneration is such as to justify the sacrifice of their lives to the public service.

ORGANIZATION OF BANKS AND FUNDING OF DEBT.

SEC. 3 That any national bank now doing business, or any other financial institution doing a similar business, or any number of persons may, in accordance with existing law, so far as the same is consistent with this act, organize upon the following terms and conditions:

If any corporation or association of persons described as aforesaid shall deposit with the United States Government any of the United States bonds now outstanding, or any that may be hereafter issued which, at their stated value as herein set forth, (*a*) shall be equal to the required amount of circulation in the respective cases specified, (*b*) the United States Government shall issue to said corporation, in lieu of said bonds so deposited, United States Government bonds bearing interest at the rate of 2 per cent per annum (*c*) equal in amount to the value thereof, both principal and interest of said new bonds being payable in gold coin, and to have the like qualities, privileges, and exemptions provided by the act approved January 14, 1875, entitled "An act to provide for the resumption of specie payments" and said new bonds shall thereupon be deposited with the United States Government and circulation known as United States Government bond notes shall be issued to said corporation in an amount equal to the new bonds so deposited, said United States Government bond notes being in denominations of $10 or multiples thereof.

(*a*) That the United States Government bonds now outstanding shall be received at the following prices, to wit:

2s, reg	Q. Mar.	95⅛
4s, 1907, reg	Q. Jan.	109¼
4s, 1907, coup	Q. Jan.	110½
4s, 1925, reg	Q. Feb.	120⅛
4s, 1925, coup	Q. Feb.	120⅛
5s, 1904, reg	Q. Feb.	113⅝
5s, 1904, coup	Q. Feb.	113⅝
6s, cur'cy, '98, reg	J. & J.	102⅝
6s, cur'cy, '99 reg	J. & J.	105
4s (Cher.), 1897, reg	March.	102
4s (Cher.), 1898, reg	March.	102
4s (Cher.), 1899, reg	March.	102

and that from and after the passage of this act said bonds shall be received upon the same income basis, respectively.

(*b*) All banks organized under this act shall take out for issue United States Government bond notes in proportion to their respective capital, as follows: All banks having a paid-up capital of $1,000,000 and over shall take for issue $500,000 of such notes; all banks having a paid-up capital of $200,000 and less

than $1,000,000 shall take for issue an amount of United States Government bond notes equal to one-half of their respective capitals; but no one of said banks shall take for issue less than 200,000 of said notes; all banks having less than $200,000 of paid-up capital shall take for issue an amount of said United States Government bond notes equal to their respective capitals, and each bank shall pay into the United States Treasury one-fourth of 1 per cent per annum upon the notes so taken out for issue as a part of the fund to be created and known as "United States national bank note redemption fund."

(*c*) The first one hundred million of said 2 per cent bonds that are issued in exchange for other United States bonds shall become due in 1945.

The second one hundred million of said 2 per cent bonds that are issued in exchange for other United States bonds shall become due in 1940.

The third one hundred million of said 2 per cent bonds that are issued in exchange for other United States bonds shall become due in 1935.

The fourth one hundred million of said 2 per cent bonds that are issued in exchange for other United States bonds shall become due in 1930.

The fifth one hundred million of said 2 per cent bonds that are issued in exchange for other United States bonds shall become due in 1925.

The sixth one hundred million of said 2 per cent bonds that are issued in exchange for other United States bonds shall become due in 1920.

The seventh one hundred million of said 2 per cent bonds that are issued in exchange for other United States bonds shall become due in 1915.

The 2 per cent bonds that are issued in exchange for the balance of the United States bonds then outstanding shall become due in 1910.

That the amount of United States Government bond notes which the banks organized under this act are required to take out for issue may be gradually reduced and retired as follows: Twenty-five per cent thereof may be retired in 1910, 25 per cent in 1915, 25 per cent in 1920, and the remaining 25 per cent in 1925.

All other holders of United States Government bonds are hereby authorized and entitled to exchange the same at any time prior to January 1, 1899, for the said new 2 per cent United States Government bonds upon the income basis hereinbefore set forth.

DOES NOT CHANGE PRESENT LAW.

The first paragraph in this section does not in any way alter the present law under which a national bank may be organized, but extends to them, as well as all State banks, the privileges of this act.

Banks desiring to avail themselves of the advantage of the act must take out for issue the amounts of United States Government bond notes specified for their respective capitals, having deposited with the United States Government the requisite amount of the new 2 per cent Government bonds, which may be obtained either by surrendering a proper amount of old bonds at the schedule price or legal-tender money in accordance with section 17 of this act.

COMMUNITIES WITH SMALL BANKS NEED MORE NOTES.

That banks of smaller capital shall be entitled to take out a greater amount of circulation in proportion to their capital is based upon the experience of banks in the past, and is intended to antic-

ipate the greater needs of localities where there is little wealth in the form of money, banks are fewer, and capital invariably smaller than in the great financial centers where the capital of the banks is large and the deposits so great as to preclude the necessity for a corresponding issue of notes.

NO CONTRACTION OF CURRENCY.

The schedule has also been arranged with a view of preventing any possible contraction of our present currency; so that while the $346,000,000 of greenbacks are retired, they will be replaced to the last dollar with gold coin, or United States Government bond notes, which, like the greenbacks, stand upon the credit of the Government, being secured by United States Government bonds payable in gold coin.

THE GREAT COMMERCIAL NATIONS HAVE SECURED THE REQUISITE AMOUNT OF GOLD.

But it may be asked whether there is ample gold in the world to meet the requirements of commerce and trade. Does Great Britain want any more? No; she has $580,000,000. Does France want any more? No; since 1873 she has increased her holding from $122,500,000 to $772,000,000. Does Germany want any more? No; the Imperial Bank has accumulated $434,890,067 since 1875, and she has $675,000,000. Does Holland, Belgium, Switzerland, Denmark, Norway, or Sweden want any more? No; they have $125,000,000. Does Russia, which has increased its holdings from $119,000,000 in 1872 to $488,000,000 in 1896, want any more? Possibly $50,000,000; certainly not more than $100,000,000. Does Canada want any more? No; she has $16,000,000. Does the United States, which has increased its holdings from $135,000,000 in 1873 to $625,-000,000 in 1896, want any more? No. The only thing that is now wanting to the United States is assurance to the world that there is not the remotest possibility of a single obligation being dishonored within our borders, either municipal, corporate, or personal, on account of a change in our standard of value.

AMPLE GOLD IN THE BANKS AND TREASURY TO SUPPLY THE ENTIRE BANK RESERVES IN GOLD.

If every national bank in the United States held its entire reserve in gold, they would require only $315,068,321. They now have $160,723,890, and the United States Treasury holds $142,811,-118 more, making a total between them of $303,535,008, from which

fact it is clear that while under this bill the national banks, according to the estimates of the actuary of the United States Treasury, would be required to hold only $189,000,086, they could actually have, if they preferred to hold it if this measure were in operation, $303,535,008, and there would still be left for the remaining banks in the United States $325,000,000 more, which would at once come from its place of hiding if this question were taken out of the field of debate.

GOLD SUPPLY.

What are the probabilities of the future supply? From 1492 down to 1893, a period of four hundred years, the world produced only about $8,000,000,000 of gold, of which about $4,000,000,000 is used in the form of money. The product of the last year reached $215,000,000, an annual rate that will furnish more gold in the next forty years than the world produced in four hundred years prior to 1893. Certainly from such a showing no one of the commercial nations of the world will find any difficulty in obtaining any small addition they may require to supplement their present holdings.

METAL CIRCULATION DESIRABLE.

Why have no denominations of bond notes lower than $10?

First. Because the presence and use of the largest possible amount of metal among the people exercises a most salutary influence.

WORK FOR OUR SILVER.

Second. We have about $500,000,000 of silver on hand, and it could be made to do the work of the one-dollar bills, amounting to $40,960,091; of the two-dollar bills, amounting to $28,348,497, and of a large portion of the five-dollar bills, amounting to $245,168,884, or a total of $314,477,372.

THE GOVERNMENT DEBT SHOULD AND MUST BE FUNDED.

Why fund the national debt in long-time 2 per cent gold bonds?

First. Because a very large portion of it will have to be funded in any event in the near future, as it will come due at a time and in such large blocks as to render extension necessary.

Second. The debt should be evenly distributed through a long period of time, so as to relieve the people from any burdensome degree of taxation during any given year.

Third. By a statement of the actuary of the Treasury Depart-

ment prepared for me, the present annual interest charge on the Government debt, excluding the Pacific railway bonds, amounts to $34,387,290, while the annual interest charge upon our entire debt, if funded into 2 per cent bonds, would amount to only $18,903,009.56, making an annual saving to the people of the United States of $15,484,280.44, or more than $1,250,000 per month, certainly an item well worth saving, since it would exceed $150,000,000 every decade—quite a sufficient reason in itself for funding the national debt.

Fourth. To have our secured circulation based on so low a rate of interest as to preclude such an appreciation in the value of the bonds as to lead banks to dispose of them and retire the notes, thus contracting the volume of money and disturbing business conditions.

Fifth. It should be funded in gold bonds, because gold is the standard of value of the civilized world, and we can not afford to have a different standard on account of our vast commercial relations with other nations. Again, if we hope to have the capital of the world flow into our country and assist us in developing our resources, the terms of our obligations must be placed beyond cavil or question. Let us now eliminate the last possible doubt with regard to it, and we shall have unlimited capital remaining permanently with us and at the lowest rates of interest in the world.

THIS LIMITED LEGAL-TENDER QUALITY IS THE PRESENT LAW.

SEC. 4. That said United States Government bond notes shall be a legal tender between all national banks and shall be redeemed in gold coin when presented for payment at the bank of issue.

These United States Government bond notes are redeemable in gold coin at the bank of issue, and not by the Government, for the following reasons:

First. The Government should not be responsible for them beyond the proper custody of the guaranty fund and bonds securing them.

GOLD REDEMPTION OF BANK NOTES BY THE BANK OF ISSUE ONLY.

Second. These notes, constituting the great bulk of our paper money, should be good enough to pass for their face around the entire globe, and this could only be possible by making them redeemable in gold, the recognized money of the world.

Third. They should be redeemable only over the counter of the bank of issue, because they are as good as gold, being secured by the gold obligations of the Government; and the expense and trouble of Government redemption would therefore be unnecessary.

SEC. 5. That at the same time that said corporation, if located in a reserve city, shall deposit United States Government bonds as aforesaid it shall also deposit with the United States Government United States legal-tender notes or gold certificates, or both, of such an amount that it, together with the gold said corporation has on hand, will equal 15 per cent of its deposits; and the United States Government shall deliver to said corporation gold coin in lieu of said legal-tender notes and said gold certificates. Said corporation shall also deposit at the same time with the United States Government United States Treasury notes or United States silver certificates, at the option of said ministers, or both, which, with the silver coin then held by said corporation, shall amount to 10 per cent of its deposits, and the United States Government shall deliver to said corporation in lieu thereof silver coin of an equal amount; and said legal-tender notes, gold certificates, Treasury notes, and silver certificates shall be thereupon canceled. Said corporation shall thereafter keep as a reserve 25 per cent of its deposits in the following kinds of money: At least 60 per cent of said reserve shall be in gold coin, and the remaining 40 per cent of said reserve may be in silver coin or Unlted States Government bond notes: *Provided, however*, That in ieu of one-half of such reserve, cash on deposit, subject to check, may be held in reserve cities.

SEC. 6. That at the same time that said corporation, if located outside a reserve city, shall deposit United States Government bonds as aforesaid, it shall also deposit with the United States Government United States legal-tender notes, or gold certificates, or both, of such an amount that it, together with the gold coin said corporation has on hand, will equal 9 per cent of its deposits; and the United States Government shall deliver to said corporation gold coin in lieu of said legal-tender notes and said gold certificates. Said corporation shall also deposit at the same time with the United States Government United States Treasury notes or United States silver certificates, at the option of said ministers, or both, which, with the silver coin then held by said corporation, shall amount to 6 per cent of its deposits, and the United States Government shall deliver to said corporation in lieu thereof silver coin of an equal amount; and said legal-tender notes, gold certificates, Treasury notes, and silver certificates shall be thereupon canceled. Said corporation shall thereafter keep as a reserve 15 per cent of its deposits in the following kinds of money: At least 60 per cent of said reserve shall be in gold coin, and the remaining 40 per cent of said reserve may be in silver coin or United States Government bond notes: *Provided, however*, That in lieu of one-half of such reserve, cash on deposit, subject to check, may be held in reserve cities.

THE GOVERNMENT SHOULD GO OUT OF THE WAREHOUSE BUSINESS.

The purposes of these two sections, the first applying to banks in reserve cities, the latter to those outside, is to convert the demand obligations of the Government into gold and silver and put the metal into circulation among our people, or use it for reserves of the banks, so that hereafter all the reserves of the banks shall be gold and silver or an equivalent of gold.

CONTRACTION IMPOSSIBLE.

It will be apparent to the most casual observer that for every gold certificate, Treasury note, or silver certificate a corresponding amount of gold or silver will go out as they are retired, and, therefore, that no contraction can take place on their account. It might possibly be different in the case of retiring the greenbacks; for if the Government should sell bonds and draw gold coin from the banks with which to redeem the balance of the greenbacks, or about $200,000,000 of them, after allowing for the $146,000,000 of gold now in the Treasury, there would necessarily result a considerable contraction. But this would not be necessary, and it would not be done, for the schedule which determines the issue of the banks will give us $435,000,000 of United States Government bond notes, or $200,000,000 more than we now have of national-bank circulation, the amount now being $234,000,000.

GOLD IN BANKS AND GOLD REQUIRED.

The actual amount of gold that all the national banks would require if 60 per cent of their reserves were held in gold, as required by this bill would, according to the estimate of the actuary of the Treasury, reach only $189,000,986. But the national banks now hold $160,723,890; therefore the Government would not be called upon to sell any bonds for coin, but would exchange a large amount of them, about $200,000,000, for greenbacks under section 17 of this act.

IN FUNDING THE DEBT AND RETIRING THE GREENBACKS THE NET GAIN TO THE GOVERNMENT WILL BE $11,484,280 PER ANNUM.

Here we may probably be met by that common objection of the politician that the people are unwilling to exchange this non-interest-bearing currency, amounting to $200,000,000, for $200,000,000 of 2 per cent bonds. We have already shown that the Government would save more than $15,000,000 annually by funding the debt, from which, if we deduct $4,000,000 on account of interest on the $200,000,000 of bonds to be issued for the redemption of the greenbacks, we shall still have a net annual gain of $11,484,280.44, or nearly $1,000,000 per month. But should we gain nothing by the transaction, do we want to keep the greenbacks out any longer, considering the danger and expense of doing so?

DANGER OF DEMAND OBLIGATIONS.

Of the danger to which they constantly subject us we have all now become aware. Of the great expense incurred in maintaining them Hon. James H. Eckels, Comptroller of the Currency, has advised us in his report for 1896, page 106, where the chief of the loan and currency division of the Treasury Department furnishes the following detailed statement:

COST TO THE GOVERNMENT OF MAINTAINING THE GREENBACKS.

Cost of the gold reserve, including liability for principal of bonds sold and interest thereon to their maturity.

Principal of bonds sold for resumption purposes:	
1877 and 1878	$95,500,000
1894	100,000,000
1895	62,315,400
1896	100,000,000
Total principal	357,815,400
Interest at 4 per cent on the average amount of the free gold in the Treasury from January 1, 1879, to January 1, 1895	93,440,000
	451,255,400
Interest from January 1, 1895, to July 1, 1907, on $95,500,000 4 per cent bonds of 1907	47,750,000
Interest from January 1, 1895, to February 1, 1904, on $100,000,000 5 per cent bonds	45,416,666
Interest from February 1, 1895, to February 1, 1925, on $62,315,400 4 per cent bonds	74,778,480
Interest from February 1, 1896, to February 1, 1925, on $100,000,000 4 per cent bonds	116,000,000
Total cost, including liability, except United States notes outstanding	735,200,546
Add amount of United States notes still outstanding	346,681,016
Total cost and liability	1,081,881,562

If the United States notes had been funded on the 1st day of January, 1879, into the thirty-year 4 per cent bonds of 1907, then being sold, the total cost to the Government therefor, including interest from January 1, 1879, to July 1, 1907, would be as follows:

Principal of bonds	$346,681,000
Interest from January 1, 1879, to July 1, 1907	395,216,340
	741,897,340
Difference in favor of converting the United States notes into bonds	339,984,222

GOVERNMENT ISSUES HAVE BEEN DISCARDED BY ALL THE LEADING NATIONS OF THE WORLD.

The experience of all nations has demonstrated the fact that government issues of credit currency are the most expensive and dangerous form of money; therefore such issues have been retired

and the United States Government is left in the grotesque company of India, Italy, Japan, and Russia.

SEC. 7. That the United States Government shall not pay out or reissue any United States legal-tender notes or gold certificates from and after the 1st day of January, 1898, but the same when received shall be canceled and destroyed; and further, that the United States Government shall not pay out, issue, or reissue any United States Treasury notes or silver certificates from and after the 1st day of January, 1899, but the same when received shall be canceled and destroyed.

The preceding section fixes the dates when the Government shall begin to cancel any of its demand obligations as fast as they may come into its possession, but the time is postponed so that the process may be gradual and the effect unobserved, the banking interests of the country having already adjusted themselves along the lines laid down in this measure.

PROVISIONS FOR CREDIT CURRENCY.

SEC. 8. That any corporation organized under this act may, with the permission and under the supervision and control of the board of finance, issue its own circulation, which shall be furnished by the United States Government and be known as United States national-bank notes. Said United States national-bank notes shall be issued in denominations of $10 and multiples thereof, and shall be a first lien upon the assets of the bank issuing the same, and also upon the liability of the stockholders, and may be issued only in the following manner and upon the following conditions:

First. Every bank issuing United States national-bank notes shall at all times maintain against the amount of such notes outstanding a reserve corresponding to that required against its deposits.

Second. Any bank that shall have complied with this law may, with the consent and under the supervision and control of the board of finance, issue an amount of United States national-bank notes equal to 20 per cent or one-fifth of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of 1 per cent per annum.

Third. Said bank may issue a second amount of such notes equal to 20 per cent or one-fifth of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of 2 per cent per annum.

Fourth. Said bank may issue a third amount of notes equal to 20 per cent or one-fifth of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of 3 per cent per annum.

Fifth. Said bank may issue a fourth amount of notes equal to 20 per cent of its paid-up and unimpaired capital, and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of 4 per cent per annum.

Sixth. Said bank may issue a fifth amount of notes, equal to 20 per cent or one-fifth of its paid-up and unimpaired capital and shall pay upon such an amount thereof as may be outstanding at any time a tax at the rate of 5 per cent per annum.

Seventh. If the amount of United States national-bank notes issued by any bank shall exceed at any time the paid-up and unimpaired capital of said

bank, a tax at the rate of 10 per cent per annum shall be paid by said bank on such excess.

Eighth. That said ministers of finance are hereby authorized and empowered to suspend one-half of said tax upon any one or all of the said several issues of United States national-bank notes at any time after 1910, and at any time after 1920 said ministers of finance are further authorized and empowered to suspend any portion of the tax then remaining except the 10 per cent referred to in paragraph 7.

ADVANTAGES TO NEWER SECTIONS OF OUR COUNTRY.

That great injustice and immeasurable injury is being done to those portions of the United States which are only partially developed, either because of their newness or of adverse conditions such as have prevailed in the South for a quarter of a century by not furnishing them ample money with which to handle their products, no one who has investigated the subject will deny.

ANYTHING FOR RELIEF.

The undoubted injustice and the unquestioned injury prevailing in all those sections are the sole causes of the intense feeling which exists there and is impelling the people to seize upon anything that promises relief, even the free coinage of silver, although it can be demonstrated that it would only make matters still worse. But what else can they do when nothing better is offered to them and they are convinced that their conditions could not possibly be worse?

The American people are confronted with a desperate movement upon the part of a very large portion of our citizens. Shall we solve the problem and give them a fair and equal show with the balance of the country, or shall we allow this storm to gather and sweep over us with all its devastating consequences?

WINDOM ON ELASTIC CURRENCY.

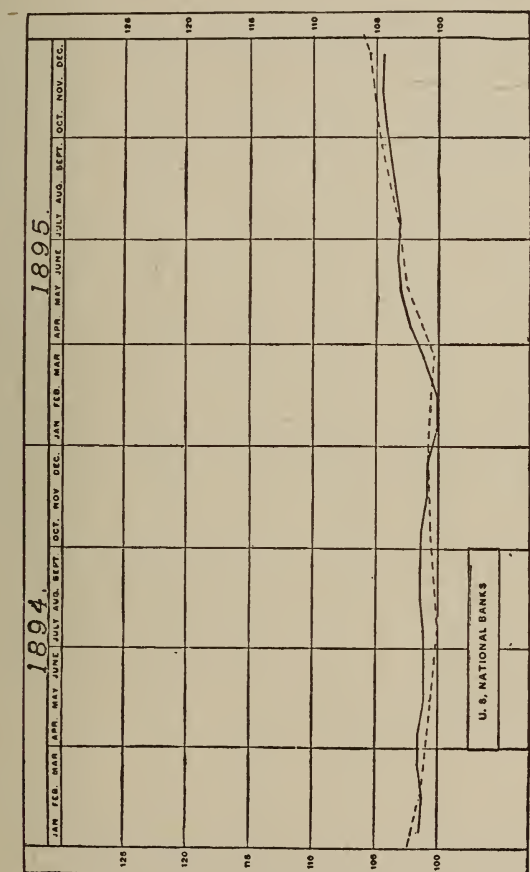
In his report for 1890 Secretary Windom well said:

In my judgment the gravest defect in our present financial system is its lack of elasticity. * * * The demand for money in this country is so irregular that an amount of circulation which will be ample during ten months of the year will frequently prove so deficient during the other two months as to cause stringency and commercial disaster. The crops of the country have reached proportions so immense that their movement to market in August and September annually causes a dangerous absorption of money. The lack of a sufficient supply to meet the increased demands during those months may entail heavy losses upon the agricultural as well as upon other business interests.

The truth of Secretary Windom's statement is most vividly portrayed in the following diagram, which proves beyond all question of doubt that there is absolutely no relation between our currency

and the movement of our crops and the commercial and trade waves of our country.

The following diagrams were prepared by Mr. L. Carroll Root, of New York:



The data given in the heavy line are the statements of outstanding circulation ordinarily quoted. They include, however, notes still held in the vaults and tills of the issuing bank; and, to the extent that this amount varies at different seasons of the year, this puts the circulation on a different basis from the others described, and thus vitiates comparison. Fortunately we have the required data given on the same basis as in the other systems for the five dates in each year for which reports are made to the Comptroller of the Currency. This information is platted on the diagram in the broken line and is such as to indicate that even if we had similar figures for weekly or monthly periods the elasticity shown would not be materially greater.

First. It will be observed that the movements of currency in 1894 and 1895, what little there was, bore no relation to each other; that is, the slight increase in amount of currency in 1895 having no counterpart in the corresponding months of 1894.

Second. It will be observed that there was practically no variation in the amount of national-bank notes (see heavy line) during the twelve months of 1894, while an actual response of currency to trade demands would have sent the line indicating the demand in the months of August, September, and October, up to the 125 mark, if indeed not beyond the very limits of the chart itself.

CURRENCY MOVEMENT CONTRADICTING NATURAL LAW.

Third. It will be observed that the increase of circulation in 1895 came at a time when it was not required by any demand of trade, viz, from April to July, when indeed it should be approaching the lowest limit, barring the simple element of quarterly dividends payable July 1. What, then, was the cause of this slight increase in circulation? Is it not clearly explained by the fact that just at that time the bond syndicate was being formed and the United States bonds were selling at a price at which circulation could once more be taken out at a profit, even if trade did not demand it. And yet, when the crying demands of the cotton and grain growers, the stock raisers, and the manufacturers come from every section of our immense domain, asking for hundreds of millions with which to handle their products, there is absolutely no way under our present system of currency of increasing it to the extent of a single dollar.

United States national banks.

At the close of—	1894.		1895.	
	Circulation.	Per cent.	Circulation.	Per cent.
January	$207,862,107	101.4	$205,297,571	100
February	207,479,520	101.2	205,043,651	100
March	207,875,695	101.4	207,541,211	101.2
April	207,833,032	101.4	209,719,850	102.3
May	207,245,019	101.1	211,478,716	103.1
June	207,353,244	101.1	211,691,035	103.2
July	207,539,066	101.2	211,372,045	103.1
August	207,592,215	101.3	212,339,200	103.5
September	207,564,458	101.3	212,851,934	103.8
October	207,565,090	101.3	213,887,630	104.3
November	206,686,337	100.8	213,960,598	104.4
December	206,605,710	100.8	213,716,973	104.3

United States national banks—Continued.

Date.	Exclusive of bank's own notes on hand.	
	Circulation.	Per cent.
December, 1893	$204,581,130	102.8
February, 1894	201,882,832	101.5
May, 1894	200,514,419	100.7
July, 1894	198,984,534	100
October, 1894	200,370,704	100.6
December, 1894	200,391,327	100.7
March, 1895	199,436,622	100.2
May, 1895	204,028,806	102.5
July, 1895	205,480,399	103.2
September, 1895	208,066,813	104.5
December, 1895	209,766,713	105.4
February, 1896	211,889,750	106.4

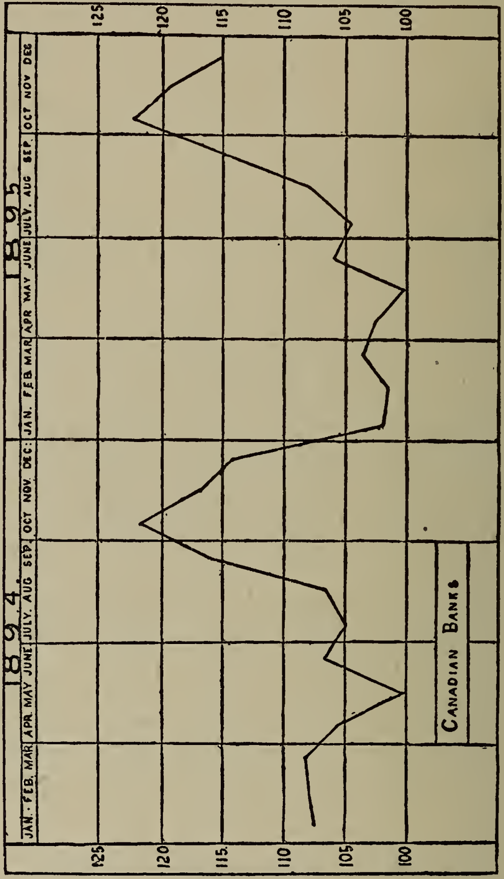
The currency systems of all the leading nations stand out in most striking contrast with those rigid conditions from which our producers are suffering incalculable loss. The following diagrams and tabulated statements clearly indicate in what months of the year the demand for currency is greatest in the various countries, and precisely what it is at all times, because it corresponds with more or less exactness, according to the degree of elasticity, to the ever-varying requirements of production and transportation.

For a clearer understanding and better appreciation of each illustration, the main features and peculiar characteristics of each system will be pointed out. Since there is no country in which crop conditions are so like our own as Canada, attention is first called to the currency movements there, where there is the fullest play of expansion and contraction, as demonstrated by the fact that at no time has the amount issued approached the maximum limit.

CREDIT CURRENCY IN CANADA.

Under the Canadian law, bank charters are granted only where the subscribed capital reaches $500,000, of which at least $250,000 must be paid up. The banks may establish branches and issue and reissue notes to the amount of their paid-up and unimpaired capital. These notes are a first lien upon the assets of the respective banks, but are not a legal tender. They are issued in denominations of $5 or multiples thereof and payable to bearer on demand, and intended for circulation. The paid-up capital of the Canadian banks now amounts to $62,156,255, and yet the note issue averages only about $30,000,000, and has never exceeded $38,000,000. The highest point of their issue is invariably reached

in October of each year, when the crops are being moved, as indicated by the following diagram, covering the years 1894 and 1895.



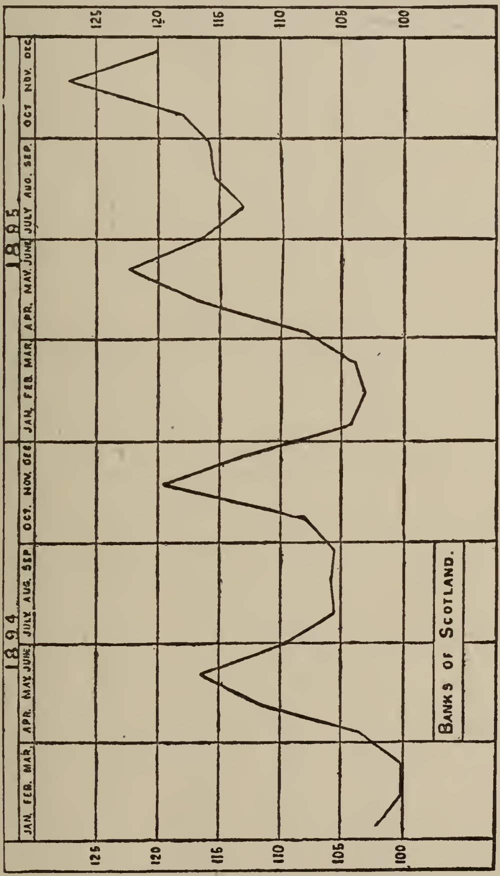
Canadian banks.
[38 banks.]

1894.	Circulation.	Per cent.	1895.	Circulation.	Per cent.
January 31	$30,571,375	107.6	January 31	$28,917,276	101.8
February 28	30,603,267	107.8	February 28	28,815,434	101.5
March 31	30,702,607	108.1	March 31	29,414,796	103.6
April 30	29,996,472	105.6	April 30	29,152,152	102.6
May 31	28,467,718	100.2	May 31	28,429,134	100
June 30	30,254,159	106.5	June 30	30,106,578	106
July 31	29,801,772	104.9	July 31	29,738,115	104.7
August 31	30,270,366	106.6	August 31	30,737,622	108.2
September 30	33,355,156	116	September 30	32,774,442	115.4
October 31	34,516,651	121.5	October 31	34,671,028	122.1
November 30	33,076,868	116.5	November 30	34,362,746	119.5
December 31	32,375,620	114	December 31	32,565,179	114.7

CREDIT CURRENCY IN SCOTLAND.

Since the Canadian banking system was founded largely upon the Scotch, it is most fit that attention should be directed next to the banks of Scotland.

Banking in Scotland began in 1695, more than two hundred



years ago, when the Bank of Scotland was chartered with a paid-up capital of $50,000. The country was poor, and no deposits were made at first, but the bank issued its notes in denominations of $25, $50, $100, $250, and $500. From 1695 to 1845 no limit was placed upon the issues of notes by the banks. In 1765 payment

of notes on demand was made obligatory by law. Down to 1845 there had been but one failure, the Ayr bank.

1. "It has provided Scotland with an elastic currency, adapted to the condition of her industries and adequate in volume to their changing needs."

2. "It has enabled the people to carry on numerous commercial and agricultural transactions, for which they could not have found the necessary quantity of coin, and has economized the locking up of capital in the precious metals."

3. "It has made the use of notes of small denominations familiar and popular, and has taught the people the distinction between bank notes as the representatives of credit and the precious metals as the measures of value."

4. "It has brought into active use the available savings and capital of the country."

5. "It has afforded an opportunity for entering upon business to thousands of poor but honest men, and enabled them to lay the foundation of a comfortable home, and in many cases of a fortune."

6. "It has convinced the people so conclusively of the value and safety of the banking currency system that no serious panic has ever lasted beyond a few days, or has ever affected any of the banks except those which were justly the subject of distrust." (Conant, Modern Banks of Issue, page 155.)

Scotch banks.

[10 banks.]

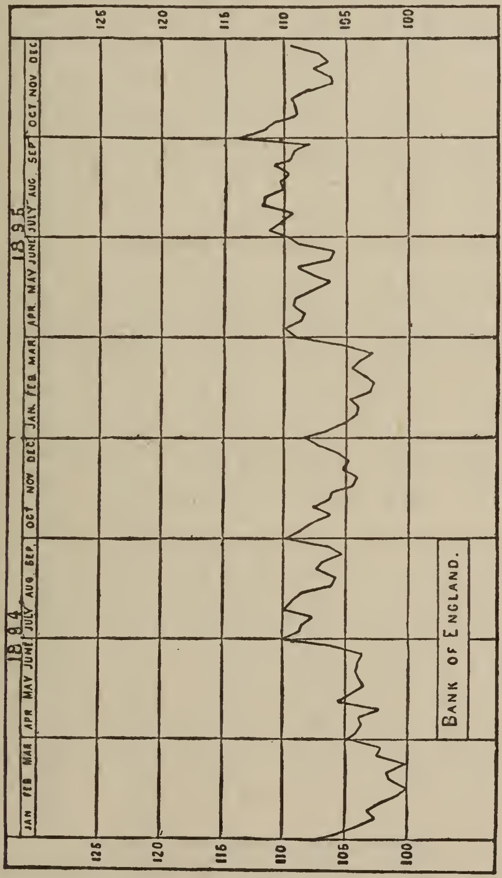
1894.	Circulation.	Per cent.	1895.	Circulation.	Per cent.
January 27	£6,220,523	101.9	January 26	£6,347,434	104
February 24	6,101,264	100	February 23	6,276,997	102.9
March 24	6,089,075	100	March 23	6,322,469	103.6
April 21	6,289,359	103.1	April 20	6,605,203	108.2
May 19	6,809,226	111.6	May 18	7,135,552	116.8
June 16	7,093,971	116.3	June 15	7,440,039	122
July 14	6,687,832	109.6	July 13	7,095,838	116.3
August 11	6,434,985	105.3	August 10	6,907,196	113.2
September 8	6,425,971	105.4	September 7	7,041,601	115.4
October 6	6,423,398	105.3	October 5	7,054,197	115.6
November 3	6,599,290	108.2	November 2	7,191,632	117.8
December 1	7,289,749	119.5	November 30	7,764,561	127.3
December 28	6,906,079	113.2	December 28	7,326,083	120

As stated, down to 1844 for a period of nearly one hundred and fifty years there had been but one bank failure in Scotland, although banking had been perfectly free in point of issuing

notes, and that failure was clearly traceable to the fact that land loans had absorbed the capital which ought to have been kept in commercial paper, or in liquid assets.

CREDIT CURRENCY IN GREAT BRITAIN.

The commercial crisis of Great Britain in 1839 called forth a discussion that resulted in the English bank act of 1844. The



authors and advocates of that act falsely assumed that "an expansion of bank-note issues even when redeemable in coin on demand is a potent cause of commercial crises," a theory which is now supported by no one who is informed upon the subject.

FIRST SUSPENSION OF THE BANK ACT.

Their error was exposed very soon after the passage of the act which was to be a cure-all for panics, for only three years later the crisis of 1847 entirely dissipated their theories. It was then demonstrated that the limitations placed upon the issues of the banks throughout Great Britain neither prevented speculation, which is the chief cause of panics, nor reduced the issue of notes to correspond with the export of gold, and the bank was then saved from bankruptcy only by suspending the act and resorting to the issue of notes which had been supposed by its authors to be the sole source of past financial convulsions.

The complete failure of the act to prevent commercial crises was frankly admitted in the Commons by Sir Robert Peel, who had but three years before advocated the measure:

It had neither "put a check on improvident speculation," in the language of the Lords' committee, nor afforded "security against violent fluctuations in the value of money." The law was framed to arrest commercial expansion by limiting the means for carrying on commercial transactions. It failed absolutely in this object, because such operations can be carried on, and usually are carried on, by other means than bank notes, it succeeding in checking the expansion only when other forms of credit had been swept away by distrust, and expansion of note issues to fill their place was absolutely needed to prevent overwhelming commercial disaster. It did not prevent expansion when expansion might do harm; it prevented it absolutely when it might have done good. (Conant, Modern Banks of Issue, 124–125.)

The English bank act of 1844 provided that the Bank of England issue against securities, including the Government debt, Bank of England notes amounting to £14,000,000 ($70,000,000), which it was thought upon investigation was the amount of notes that trade and commerce would require at all times when in a normal condition, and therefore might be uncovered. In addition to this amount, notes could be issued against any gold coin which might be deposited with the issue department, upon the theory that the extraordinary requirements of trade would thereby be fully met.

RESERVATION OF CREDIT CURRENCY.

Fortunate for the people of Great Britain, fortunate for the Bank of England itself, that conservatism which has always been so conspicuous a feature in English legislation where vested rights are involved, saved to the banks of Scotland, Ireland, and the joint stock banks of England a credit circulation of about $70,000,000.

So small is the territory of Great Britain, so great was the wealth of that country even then in the form of money, that only about one-half of this credit issue is usually employed, leaving to-day $35,000,000 to cover the necessary expansion when crops and manufactures are to be moved or public fear is to be checked in time of panic.

RAISING THE BANK RATE TO PROTECT ITS GOLD RESERVE.

Again in 1857 a crisis compelled the Bank of England to suspend the bank act and prepare to issue credit notes, to which remedy the Bank of England for the first time added another method of protecting its reserves, namely, raising the rate of interest through its banking department, a device which proved most effective then and has since been practiced on many occasions with signal success.

GREAT BRITAIN'S CREDIT CURRENCY TOO LIMITED.

Whether the fact that London is almost a constant storm center of financial flurries, and that the Bank of England changed its rates of interest from 1845 to 1891 three hundred and fifty-four times, while the Bank of France changed its rates but one hundred and one times and the Bank of Germany only one hundred and thirty times, are not due to its purely arbitrary and mechanical structure is hardly left in doubt when we recall the fact that every severe panic in the London market has been checked only by a suspension of the bank act.

FORFEITURE OF ISSUES ASSUMED BY THE BANK OF ENGLAND.

The act of 1844 further provided that when any of the banks forfeited their right of issue for any reason the Bank of England, by the permission of the Crown, could issue against new securities two-thirds of the amount to which the bank had been entitled, the assumption being that the other third had been covered by coin. Through forfeiture of other banks of issue the secured circulation of the Bank of England has now been increased to £16,-800,000, or about $84,000,000.

While the act does not clearly state, and the question has not been settled by adjudication, whether the Bank of England notes are a first lien against the securities and gold deposited with the issue department, they are a legal tender everywhere in Great Britain except by the bank itself.

Bank of England.

1894.	Circulation.	Per cent.	1894.	Circulation.	Per cent.
Jan. 3	£25,748,110	107.3	July 4	£26,400,850	110
10	25,352,155	105.6	11	26,042,910	108.5
17	25,027,760	104.3	18	26,021,465	108.4
24	24,573,790	102.4	25	25,813,690	107.5
31	24,737,550	103.1	Aug. 1	26,357,460	109.8
Feb. 7	24,463,840	102	8	26,239,695	109.3
14	24,153,750	100.7	15	25,960,350	108.3
21	23,948,070	100	22	25,455,050	106
28	24,308,400	101.3	29	25,380,045	105.7
Mar. 7	24,235,450	101	Sept. 5	25,719,700	107.1
14	24,025,930	100.1	12	25,530,210	106.4
21	24,526,015	102.2	19	25,257,935	105.2
28	24,477,610	102	26	25,509,470	106.2
Apr. 4	25,172,530	104.9	Oct. 3	26,363,260	109.8
11	25,030,020	104.3	10	26,006,545	108.3
18	24,858,505	103.5	17	25,776,975	107.4
25	24,920,250	103.8	24	25,430,180	105.9
May 2	25,504,535	106.3	31	25,783,310	107.4
9	25,342,485	105.6	Nov. 7	25,508,575	106.3
16	25,058,035	104.4	14	25,443,915	106
23	24,760,880	103.2	21	25,111,430	104.6
30	24,914,970	103.8	28	25,015,810	104.2
June 6	24,971,255	104	Dec. 5	25,257,070	105.2
13	24,916,680	103.8	12	25,176,705	104.9
20	24,833,490	103.4	19	25,325,105	105.5
27	25,442,695	106	26	25,676,480	107

1895.	Circulation.	Per cent.	1895.	Circulation.	Per cent.
Jan. 2	£25,918,775	108	July 3	£26,309,820	109.8
9	25,519,480	106.3	10	26,672,700	111.1
16	25,202,515	105	17	26,420,710	110.1
23	25,015,550	104.3	24	26,244,885	109.3
30	24,926,845	103.9	31	26,831,660	111.8
Feb. 6	25,119,885	104.7	Aug. 7	26,759,640	111.5
13	24,725,820	103	14	26,436,975	110.1
20	24,629,095	102.6	21	26,457,030	110.2
27	24,794,165	103.3	28	26,289,815	109.5
Mar. 6	25,071,110	104.5	Sept. 4	26,556,315	110.6
13	24,893,195	103.7	11	26,310,950	109 6
20	24,679,400	102.8	18	26,225,115	109.3
27	25,287,160	105.4	25	25,898,520	107.9
Apr. 3	26,123,765	108.8	Oct. 2	27,113,025	113.6
10	26,316,735	109.8	9	26,762,935	111.5
17	26,018,345	108.4	16	26,523,165	110.5
24	25,978,690	108.2	23	26,103,565	108.8
May 1	26,238,675	109.3	30	26,188,740	109.1
8	26,213,295	109.2	Nov. 6	26,237,005	109.3
15	25,796,580	107.5	13	25,907,965	107.9
22	25,523,450	106.3	20	25,469,355	106.1
29	25,840,215	107.6	27	25,497,595	106.2
June 5	26,085,835	108.7	Dec. 4	25,815,040	107.6
12	25,493,685	106.2	11	25,565,960	106.5
19	25,384,490	105.8	18	25,720,120	107.2
26	26,101,185	108.7	24	26,274,190	109.5

BANK OF ENGLAND COMPARED WITH OTHER ENGLISH BANKS.

To bring into bolder relief the very great difference between the currency movements of banks having the power of credit expansion, even though limited, and those of a bank requiring gold deposits, even with all the vast power of the Bank of England to control its supply, attention is called to the diagram and tabulated

statement of the joint stock banks of England, most of which are located in London and doing business under the same conditions and right by the side of the Bank of England, making the comparison so fair and perfect in every way as to justify a most conclusive deduction with regard to the wisdom and safety of a credit currency and the struggle the Bank of England is making against a great natural law.

English joint stock banks.

[London Bankers' Magazine.]

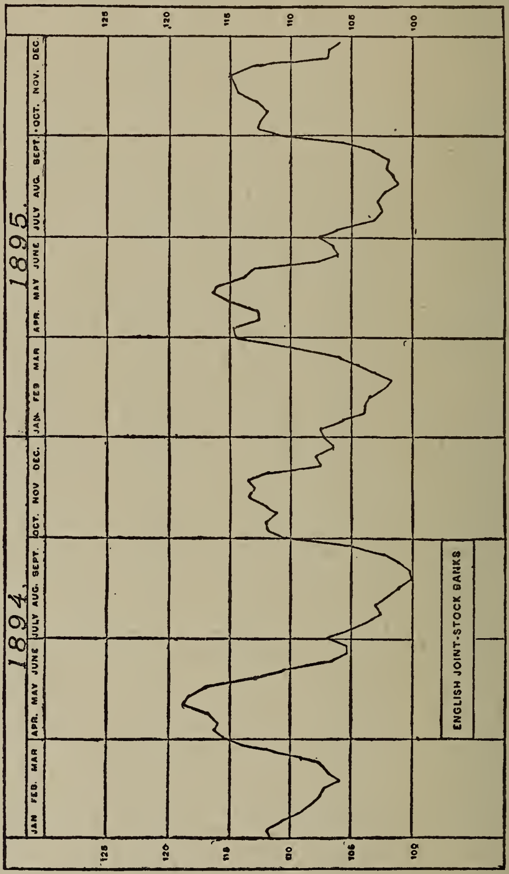
1894.	Circulation.	Per cent.	1894.	Circulation.	Per cent.
Jan. 6	£1,098,126	111.6	July 7	£1,052,132	106.9
13	1,099,735	111.8	14	1,035,806	105.3
20	1,089,540	110.7	21	1,021,128	103.8
27	1,074,425	109.2	28	1,008,638	102.5
Feb. 3	1,064,139	108.1	Aug. 4	1,014,173	103.1
10	1,058,919	107.6	11	1,005,354	102.2
17	1,054,830	107.2	18	993,857	101
24	1,042,524	105.9	25	984,357	100
Mar. 3	1,051,326	106.8	Sept. 1	985,798	100.2
17	1,058,281	107.5	15	995,270	101.1
24	1,073,143	109.1	22	1,005,940	102.2
31	1,099,505	111.7	29	1,037,320	105.4
Apr. 7	1,136,637	115.5	Oct. 6	1,086,655	110.4
14	1,142,008	116.1	13	1,101,673	111.9
21	1,140,663	115.9	20	1,097,523	111.5
28	1,149,455	116.8	27	1,092,397	111
May 5	1,169,068	118.8	Nov. 3	1,102,562	112
12	1,163,267	118.2	10	1,116,622	113.5
19	1,148,349	116.7	17	1,112,149	113
26	1,109,264	112.7	24	1,120,271	113.6
June 2	1,087,872	110.6	Dec. 1	1,098,687	111.7
16	1,049,650	106.7	15	1,057,355	107.5
23	1,037,978	105 5	22	1,060,383	107.8
30	1,036,388	105.3	29	1,046,550	106.4

1895.	Circulation.	Per cent.	1895.	Circulation.	Per cent.
Jan. 5	£1,054,994	107.2	July 6	£1,060,135	107.7
12	1,057,846	107.5	13	1,044,298	106.1
19	1,040,321	105.7	20	1,017,658	103.4
26	1,023,970	104.1	27	1,008,428	102.5
Feb. 2	1,023,040	103.9	Aug. 3	1,011,103	102.8
9	1,015,395	103.2	17	1,004,567	102.1
16	1,005,700	102.2	24	996,801	101.3
23	1,001,143	101.7	31	999,430	101.6
Mar. 2	1,014,251	103.1	Sept. 7	1,005,850	102.2
16	1,028,100	104.5	14	1,002,714	101.9
23	1,043,310	106	21	1,015,887	103.2
30	1,083,152	110.1	28	1,042,733	105.9
Apr. 5	1,125,409	114.4	Oct. 5	1,090,758	110.8
13	1,126,488	114.5	12	1,108,722	112.7
20	1,106,936	112.5	19	1,104,596	112.3
27	1,107,641	112.6	26	1,100,397	111.8
May 4	1,133,859	115.2	Nov. 2	1,110,181	112.8
11	1,144,689	116.3	9	1,126,038	114.4
18	1,141,698	116	16	1,127,205	114.7
25	1,119,609	113.8	23	1,130,314	114.9
June 1	1,111,536	112.9	30	1,107,385	112.5
15	1,062,064	107.9	Dec. 14	1,053,308	107
22	1,044,013	106.1	21	1,052,606	106.8
29	1,047,499	106.5	28	1,040,667	105.8

IMPERIAL BANK OF GERMANY.

But the Imperial Bank of Germany illustrates this principle more strikingly even than the joint-stock banks of England.

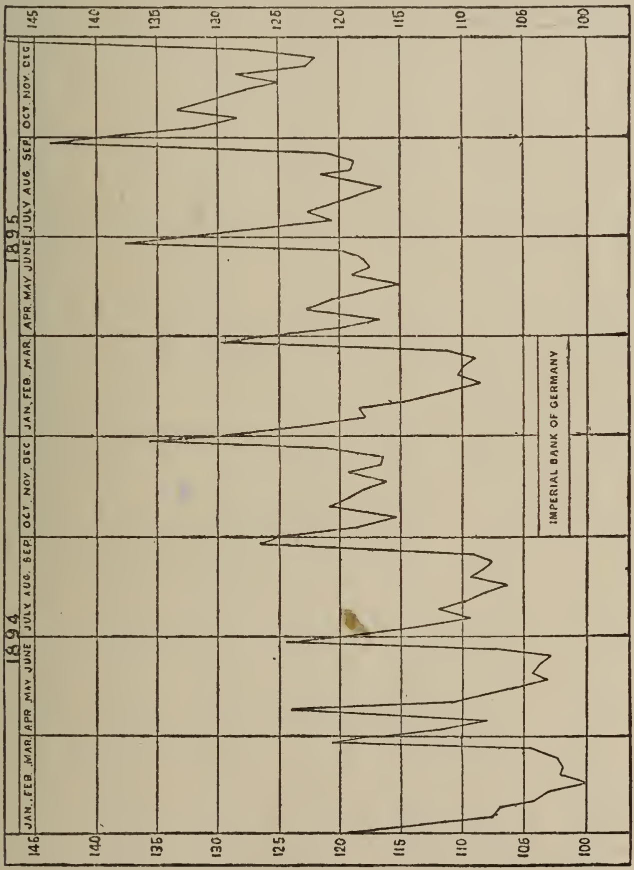
That the framers of the German act were largely influenced by many of the provisions of the English bank act of 1844 there can be no doubt; but the differences are still more striking than the



points of similarity. The German act, with its very high order of tests for soundness, provides for a system of free banking, pure and simple, with a repressive burden in the form of a 5 per cent tax.

The notes, which are not a legal tender, are issued against the general assets of the bank, which remain entirely within its control, no part of them being set aside to specially secure the notes.

"The law has simply provided by suitable measures that the affairs of the banks, including its issue of notes, and the money and securities held by it, shall meet certain tests of soundness, believing that both the ultimate solvency of the bank and the prompt payment of its circulation are thus made secure." (Dunbar, Theory and History of Banking, 195.)



AUTHORIZED CIRCULATION.

It fixed a limit of authorized circulation requiring a reserve of one-third in cash or its equivalent, and that the other two-thirds should be covered, by two-name paper running ninety days or less, and that all notes issued beyond the limit so fixed should be covered by cash. However, observing that the want of elasticity

had proven a constant danger to the Bank of England, the act provides that should the Imperial Bank issue its notes in excess of the limit and without covering the same with gold coin, it should simply pay interest on the excess of its notes at the rate of 5 per cent per annum.

NOTE ISSUES EXCEEDING THE LIMIT.

The act was passed in 1875, and the first issue of its notes subject to the tax occurred in December, 1881, and afterwards in the following years: September and October, 1882; December, 1886; in the latter part of 1889 (when the excess reached $26,000,000); in 1890, 1892, and 1893.

The note issues of the bank December 31, 1894, amounted to 1,835,545.820 marks ($458,886,455), while the balance due creditors in accounts current amounted to 434,742,297.44 marks ($108,685,-474.38), and the deposits without interest were only 556,669.70 marks ($139,167.42).

IMPERIAL BANK LOANS ITS NOTES INSTEAD OF DEPOSITS.

It should be observed that for every dollar of deposits without interest at the Imperial Bank of Germany $3,298 of the bank's notes are outstanding, making it essentially a bank of note issues as distinguished from a bank of deposit; nor does the Imperial Bank of Germany stand alone in this respect among all the great banks of the world, for the Bank of France belongs distinctly to the same class, as we shall now see.

[Please compare this with the United States National Bank Diagram.]

Bank of Germany.

1894.	Circulation.	Per cent.	1894.	Circulation.	Per cent.
	Marks.			*Marks.*	
Jan. 7	1,072,655,000	120.1	July 7	1,059,871,000	118.7
15	1,014,231,000	113.6	15	1,016,692,000	114
23	960,071,000	107.5	23	977,989,000	109.5
31	953,172,000	106.7	31	998,004,000	111.8
Feb. 7	932,947,000	104.5	Aug. 7	980,281,000	109.8
15	920,152,000	103	15	966,406,000	108.2
23	892,870,000	100	23	951,499,000	106.5
28	908,572,000	101.7	31	975,346,000	109.2
Mar. 7	909,578,000	101.8	Sept. 7	964,925,000	108
15	910,350,000	101.9	15	962,182,000	107.6
23	932,0[illegible]6,000	104.5	23	973,197,000	109
31	1,079,798,000	120.9	30	1,126,400,000	126.2
Apr. 7	1,042,123,000	116.7	Oct. 7	1,115,925,000	125
15	995,506,000	111.5	15	1,058,872,000	118.5
23	966,612,000	108.2	23	1,030,901,000	115.4
30	1,005,858,000	112.6	31	1,078,856,000	120.8
May 7	989,634,000	110.8	Nov. 7	1,062,659,000	119
15	945,733,000	105.9	15	1,052,787,000	117.9
23	920,547,000	103.1	23	1,036,503,000	116
31	932,898,000	104.5	30	1,064,627,000	119.2
June 7	922,948,000	103.4	Dec. 7	1,040,868,000	116.5
15	917,720,000	102.8	15	1,038,828,000	116.3
23	958,666,000	107.3	23	1,079,682,000	120.9
30	1,109,188,000	124.2	31	1,211,232,000	135.6

Bank of Germany—Continued.

1895.	Circulation.	Per cent.	1895.	Circulation.	Per cent.
	Marks.			*Marks.*	
Jan. 7	1,164,040,000	130	July 7	1,186,459,000	132.8
15	1,101,472,000	123.3	15	1,126,670,000	126 2
23	1,052,922,000	117.9	23	1,076,758,000	120.6
31	1,055,604,000	118.2	31	1,093,495,000	122.4
Feb. 7	1,024,074,000	114.6	Aug. 7	1,076,173,000	120.5
15	998,450,000	111.8	15	1,057,639,000	118.4
23	968,210,000	108.4	23	1,040,681,000	116.5
28	984,088,000	110.2	31	1,073,886,000	120.2
Mar. 7	980,813,000	109.8	Sept. 7	1,061,536,000	118.9
15	973,571,000	109	15	1,059,992,000	118.7
23	993,273,000	111.2	23	1,079,823,000	120.9
31	1,157,191,000	129.5	30	1,282,764,000	143.6
Apr. 7	1,130,181,000	126.5	Oct. 7	1,244,933,000	139.4
15	1,069,673,000	119.8	15	1,176,735,000	131.8
23	1,041,938,000	116.6	23	1,148,707,000	128.6
30	1,095,735,000	122.7	31	1,192,093,000	133.4
May 7	1,074,301,000	120.3	Nov. 7	1,161,530,000	130.1
15	1,051,243,000	117.7	15	1,141,619,000	127.8
23	1,027,210,000	115	23	1,117,608,000	125.1
31	1,060,031,000	118.7	30	1,148,755,000	128.6
June 7	1,048,129,000	117.4	Dec. 7	1,093,734,000	122.5
15	1,054,557,000	118	15	1,087,877,000	121.8
23	1,069,291,000	119.7	23	1,135,181,000	127.1
30	1,227,712,000	137.4	31	1,320,089,000	147.8

BANK OF FRANCE.

The Bank of France differs in its organization from both that of Germany and England. Its capital is 182,000,000 francs ($36,500,000), and its note-issue privilege is fixed at the enormous figure of 4,000,000,000 francs ($800,000,000). There is no law determining how much specie or security of any kind shall be held against the notes outstanding which are a legal tender so long as the bank maintains specie redemption of them. The notes outstanding January 1, 1895, amounted to 3,679,215,530 francs ($735,843,041), while the deposits, public and private, were only 632,988,983 francs ($126,597,796). But the cash on hand was 3,304,835,974 francs ($660,567,195), from which it is clearly evident that the cash was the proceeds of notes issued and still outstanding and was not made up of deposits. Do not the conditions and practices of these two last great banks establish beyond question in the minds of every frank man the fundamental truth that there is not the slightest difference between loaning out the notes of a bank and loaning out any deposits it may have? All the notes are just as liable to be presented at the same moment of time as the deposits are to be drawn during a single hour of a day, and no more so. There are certain conditions that make the deposits in the bank safe. There are also certain conditions that will make note issues

sound, and the most important condition, and I ought to say the essential counterpart of note issues, is current redemption in gold coin or its equivalent.

Bank of France.

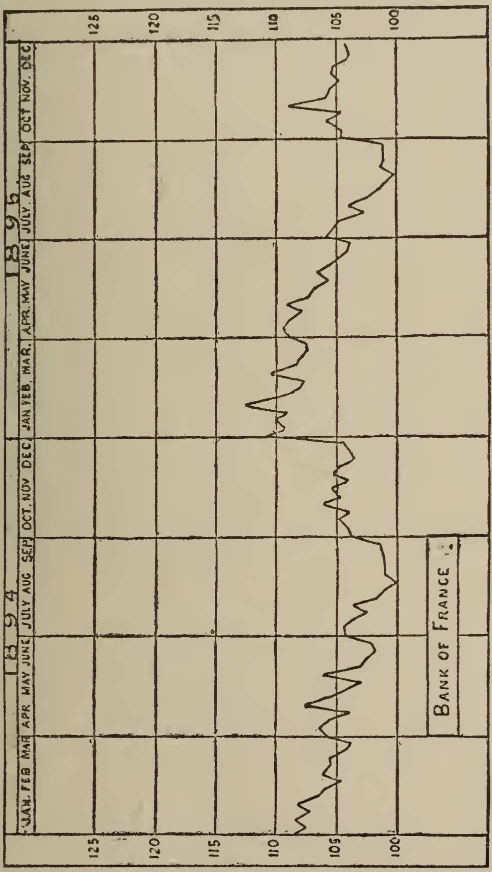
1894.	Circulation.	Per cent.	1894.	Circulation.	Per cent.
	Francs.			*Francs.*	
Jan. 3	3,615,200,000	108.5	July 4	3,473,400,000	104.2
10	3,594,200,000	107.8	11	3,480,800,000	104.4
17	3,613,700,000	108.4	18	3,455,800,000	103.7
24	3,568,100,000	107	25	3,412,800,000	102.4
31	3,611,400,000	108.3	Aug. 1	3,453,000,000	103.6
Feb. 7	3,543,900,000	106.3	8	3,382,100,000	101.5
14	3,531,100,000	105.9	14	3,367,000,000	101
21	3,487,700,000	104.6	22	3,325,400,000	100
28	3,529,500,000	105.9	29	3,366,400,000	101
Mar. 7	3,510,000,000	105.3	Sept. 5	3,365,600,000	101
14	3,510,200,000	105.3	12	3,369,700,000	101.1
21	3,464,100,000	103.9	19	3,376,500,000	101.3
28	3,455,800,000	103.7	26	3,380,600,000	101.4
Apr. 4	3,518,800,000	105.6	Oct. 3	3,457,900,000	103.7
11	3,530,900,000	105.9	10	3,471,700,000	104.1
18	3,515,400,000	105.5	17	3,493,200,000	104.8
25	3,472,900,000	104.1	24	3,455,400,000	103.7
May 2	3,588,800,000	107.7	31	3,531,700,000	106
9	3,512,000,000	105.4	Nov. 7	3,494,000,000	104.8
16	3,482,700,000	104.5	14	3,509,900,000	105.3
23	3,438,500,000	103.2	21	3,462,400,000	103.9
30	3,537,000,000	106.1	28	3,503,700,000	105.1
June 6	3,440,100,000	103.2	Dec. 5	3,479,500,000	104.4
13	3,419,600,000	102.6	12	3,445,700,000	103.4
20	3,390,100,000	101.7	19	3,458,500,000	103.8
27	3,399,400,000	102	26	3,483,800,000	104.5

1895.	Circulation.	Per cent.	1895.	Circulation.	Per cent.
	Francs.			*Francs.*	
Jan. 2	3,681,900,000	110.5	July 3	3,523,600,000	105.7
9	3,637,200,000	109,1	10	3,506,400,000	105.2
16	3,659,600,000	109.8	17	3,497,500,000	104.9
23	3,632,600,000	109	24	3,424,800,000	102.7
30	3,751,800,000	112.6	31	3,475,500,000	104.2
Feb. 6	3,634,100,000	109	Aug. 7	3,404,500,000	102.1
13	3,600,900,000	108	14	3,379,400,000	101.4
20	3,579,600,000	107.4	21	3,334,100,000	100
27	3,678,100,000	110.4	28	3,342,800,000	100.3
Mar. 6	3,606,400,000	108.1	Sept. 4	3,375,800,000	101.3
13	3,595,700,000	107.9	11	3,362,000,000	100.9
20	3,572,200,000	107.1	18	3,363,100,000	100.9
27	3,576,900,000	107.3	25	3,365,800,000	101
Apr. 3	3,626,500,000	108.8	Oct. 2	3,488,600,000	104.7
10	3,642,400,000	109.3	9	3,486,800,000	104.6
17	3,624,300,000	108.7	16	3,522,600,000	105.7
24	3,590,900,000	107.7	23	3,483,900,000	104.5
May 1	3,628,500,000	108.9	30	3,628,700,000	108.9
8	3,568,800,000	107	Nov. 6	3,533,600,000	106
15	3,550,500,000	106.5	13	3,520,600,000	105.6
22	3,512,200,000	105.3	20	3,495,200,000	104.9
29	3,549,000,000	106.5	27	3,508,600,000	105.3
June 5	3,519,100,000	105.6	Dec. 4	3,505,800,000	105.2
12	3,496,500,000	104.9	11	3,473,900,000	104.2
19	3,474,100,000	104.2	18	3,474,600,000	104.2
26	3,463,200,000	103.9	26	3,486,400,000	104.6

NOTE ISSUES OF SMALL BANKS.

If, then, it is as sound in principle to issue notes as to take deposits, it is as safe to permit a small bank to issue its notes as to

take deposits, therefore the objection must be made to the small banks' power to issue notes on broader grounds than its unwisdom in general, the objection being equally good to the same small banks accepting deposits and becoming responsible for them. But is not the story of all those little banks which served the people of New England so well under the Suffolk system, by issuing their notes



at a time when the people of New England had no money to deposit in the banks, as well as the story of the Scotch banks, covering a period of one hundred and fifty years, issuing their notes when the people of Scotland had no money to deposit, and yet enjoyed a large use of the notes which the banks issued—a full answer to a mere opinion without a fact to rest upon?

NEW HAMPSHIRE BANKS UNDER THE SUFFOLK SYSTEM.

For a thorough understanding and a proper appreciation of what was done under the "Suffolk system," I submit a statement of the conditions of the banks of the State of New Hampshire on the first Monday in June, 1860. [For statement, see page 64.]

It will be observed in examining this statement that while the capital was $4,991,000, the deposits were only $1,211,551.88, and yet the notes issued by the banks amounted to $3,117,444, and the amount of gold on hand (for specie then meant gold) was only $253,496.35, or only 5⅝ per cent of the notes outstanding and deposits combined. It must be remembered in this connection that all the notes cleared through the "Suffolk system" were selling at a premium in all parts of the United States, and therefore the people of New Hampshire actually enjoyed the use of the amount of the notes issued, $3,117,444, or nearly three times the amount of the deposits, and that the notes served identically the same purpose that the same amount of deposits would have done.

CAPACITY OF OUR PRESENT BANKS OPERATING UNDER A SIMILAR LAW.

Comparing what the banks of New Hampshire then did with what some of our States might do to-day under the provisions of this bill, it will be found that if the money were demanded and the credit of those wishing to borrow were good, the banks of Virginia, out of their own resources, without borrowing money in New York or any other money center, could furnish her people with $12,217,416; the banks of Georgia could furnish her people with $16,548,905; the banks of Mississippi could furnish her people with $4,521,325; the banks of Texas could furnish her people with $28,678,850; the banks of Iowa could furnish her people with $43,156,321; the banks of South Dakota could furnish her people with $4,696,164; the banks of the State of Washington could furnish her people with $17,438,200; the banks of California could furnish her people with $59,800,205, and so on through the entire list of States. But I will content myself with representative States in different sections of the country. That this could be done with absolute protection to the note holders and entire safety to the banks is verified by the experience of the banks included in the "Suffolk system."

EXPANSION OF CURRENCY UNDER THE SUFFOLK SYSTEM AND COST OF REDEMPTION.

"The circulation of the New England banks in 1858 was less than $40,000,000, and the redemptions for that year through the Suffolk

Bank were $400,000,000. Every note, therefore, on the average, passed through the redemption agency ten times a year, or a little less often than once a month. This frequency of redemption not only tested the solvency of the banks by the ultimate test of a banking currency, but it kept the circulation constantly adjusted to business conditions. The redemptions through the Suffolk agency were $76,248,000 in 1834 and increased to $105,457,000 in 1837. There were fluctuations during the period of specie suspension, but the redemptions increased progressively to $137,000,000 in 1845, $220,000,000 in 1850, and $341,000,000 in 1855, until they reached their maximum of $400,000,000 in 1858. The expenses of carrying on the redemption agency reached a maximum of $40,000 in 1858, making an average expense of 10 cents per $1,000 (or one one-hundredth of 1 per cent, or one-tenth of 1 per cent per annum). The suspension of specie payments by the banks of the country at the close of 1861, as the result of Secretary Chase's issue of Government demand notes, arrested the regularity of redemptions through the Suffolk system, and was superseded before resumption by the national banking system. The Suffolk system was never sustained by formal law, but it maintained New England bank currency for a generation at a par with gold, and prevented any losses to note holders larger than a fraction of 1 per cent of the entire volume of circulation."

In the face of all this evidence I do not believe that anyone will have the hardihood to deny the safety and wisdom of ingrafting upon our banking system this right of note issue, safeguarded in the outset as this bill provides.

GRADUAL ADOPTION.

It will be observed that precaution has been taken to replace all of the United States notes with gold and United States Government bond notes, so that no part of our present money shall be displaced by bank notes until the system has been fully tried in supplying the extra amount of circulation that may be required to move the crops or products in every part of the country, or meet any monetary crisis. Since, then, the money in circulation to-day, if properly distributed, would approximately meet the normal demand, the introduction of this system into our financial operations must necessarily come gradually, and will also be steadied by the graduated tax, and, in addition, be under the constant supervision of the ministers of finance.

A statement of the condition of the several banks in New Hampshire as they and 18, chapter 140, of the revised statutes of

Name of bank and place of business.	Amount of capital stock actually paid in.	Amount of debts due the bank secured by pledges of its stock.	Value of real estate belonging to the bank.
Amoskeag, Manchester	$200,000	$14,300.00	None.
Ashuelot, Keene	100,000	None.	$3,500.00
Bank of New Hampshire, Portsmouth	150,000	5,169.52	None.
Bank of Lebanon, Lebanon	100,000	1,500.00	2,800.00
Belknap County, Laconia	80,000	None.	None.
Cochecho, Dover	100,000	400.00	4,244.51
City, Manchester	150,000	1,150.00	4,366.82
Claremont, Claremont	100,000	3,700.00	None.
Citizens', Sanbornton	50,000	None.	94,373.71
Connecticut River, Charlestown	100,000	None.	None.
Cheshire, Keene	100,000	None.	4,000.00
Cheshire County, Keene	100,000	None.	3,200.00
Carroll County, Sandwich	50,000	None.	500.00
Derry, Derry	60,000	500.00	1,500.00
Dover, Dover	100,000	400.00	6,000.00
Farmington, Farmington	75,000	1,500.00	3,385.82
Francestown, Francestown	60,000	None.	None.
Farmers and Mechanics,' Rochester	60,000	200.00	None.
Granite State, Exeter	100,000	665.00	4,000.00
Great Falls, Somersworth	150,000	4,512.25	2,429.74
Indian Head, Nashua	150,000	None.	None.
Lake, Wolfboro	75,000	500.00	1,050.00
Langdon, Dover	100,000	----------	4,304.98
Mechanicks', Concord	100,000	None.	1,200.00
Merrimack County, Concord	80,000	None.	2,465.00
Manchester, Manchester	125,000	None.	None.
Mechanics and Traders', Portsmouth	141,000	None.	None.
Monadnock, Jaffrey	50,000	None.	None.
Merrimack River, Manchester	150,000	4,325.00	3,173.37
Nashua, Nashua	125,000	None.	None.
New Ipswich, New Ipswich	100,000	700.00	1,000.00
New Market, New Market	60,000	None.	None.
Piscataqua Exchange, Portsmouth	200,000	None.	400.00
Pawtuckaway, Epping	50,000	600.00	None.
Pittsfield, Pittsfield	50,000	None.	2,835.55
Peterboro, Peterboro	50,000	None.	None.
Pennichuck, Nashua	100,000	1,375.00	None.
Pine River, Ossipee	50,000	None.	500.00
Rochester, Rochester	80,000	None.	1,200.00
Rockingham, Portsmouth	200,000	1,050.00	5,000.00
State Capital, Concord	150,000	1,500.00	None.
Salmon Falls, Rollinsford	50,000	None.	2,594.11
Strafford, Dover	120,000	2,550.00	4,500.00
Sugar River, Newport	50,000	None.	None.
Souhegan, Milford	100,000	580.00	1,276.08
Somersworth, Somersworth	100,000	3,025.00	None.
Union, Concord	100,000	4,950.00	None.
Warner, Warner	50,000	None.	None.
Weare, Hampton Falls	50,000	1,938.81	None.
Winchester, Winchester	100,000	None.	3,300.00
White Mountain, Lancaster	50,000	None.	1,000.00
Total	4,941,000	57,585.58	75,725.98

a On interest. *b* Including $2,000 in capital stock, Bank of Mutual Redemption. *c* Including $3,000 in capital stock, Bank of Mutual Redemption. *d* $200 interest, in advance; $100 on interest. *e* Interest disbursed. *f* Interest advanced. *g* Interest paid in advance. *h* Including $1,200 in capital stock, Bank of Mutual Redemption. *i* Including stock in Bank of Mutual Redemption. *j* $992.04 interest, paid in advance; $150 on interest.

existed on the first Monday of June, 1860, made in conformity to sections 17
New Hampshire, approved December 23, 1842.

Amount of all debts due to the bank.	Amount of all debts due from directors, either as principal or sureties, specifying whether on interest or otherwise.	Amount of specie in the vault.	Amount of bills of other banks on hand, and checks.	Amount of deposits in the bank.	Amount of deposits in other banks for the redemption of its bills.	Amount of the bills of the bank then in circulation.
$344,272.85	$3,560.00	$5,999.79	$5,883.00	$49,984.76	$38,687.26	$133,829
149,912.03	*a* 3,100.00	4,339.85	4,289.00	14,212.44	22,000.75	61,045
230,240.65	2,119.29	9,194.33	3,540.29	43,804.33	6,452.62	44,133
168,446.43	*a* 500.00	15,331.30	1,535.00	15,831.63	34,874.69	89,745
136,202.46	*a* 310.00	4,671.04	2,536.95	13,531.55	13,531.55	76,554
170,019.08	*a* 251.71	2,556.63	2,169.00	36,684.70	*b* 11,320.03	41,272
210,383.95	850.00	1,694.61	1,900.00	13,330.81	27 013.06	72,227
180,697.32	*a* 355.00	4,720.85	1,168.00	22,876.40	*c* 9,191.28	64,000
94,373.71	*d* 300.00	2,373.02	1,625.50	10,501,87	14,914.10	47,562
161,888.00	*e* 3,050.00	4,100.00	400.00	6,316.18	2,840.00	50,316
172,438.20	------------	4,229.50	5,025.00	21,014.22	14,139.39	69,681
170,570.41	*f* 1,150.00	5,212.25	1,076.32	19,918.20	10,500.43	67,616
75,250.09	2,542.27	3,133.18	2,839.00	73.00	6,442.03	35,258
95,767.87	*g* 1,200.00	3,752.47	1,697.00	9,119.30	*h* 5,105.46	34,706
181,343.41	*a* 800.00	2,770.30	2,814.00	18,038.47	16,316.60	76,429
112,250.37	790.00	1,929.30	561.00	11,267.23	11,690.47	38,188
111,364.99	None.	2,565.50	3,609.00	10,975.55	*c* 18,398.28	55,506
90,430.81	*f* 1,770.00	2,950.15	606.00	1,874.71	*i* 11,272.88	41,333
165,854.67	*j* 1,142.04	6,319.67	3,970.00	32,870.69	39,613.64	78,057
214,619.52	*k* 1,000.00	3,909.93	1,424.00	13,308.77	11,895.23	62,840
255,570.62	None.	7,413.43	3,478.00	29,491.74	*c* 28,204.06	97,338
136,270.47	*g* 1,105.77	2,764.19	55.00	7,951.12	7,494.96	59,250
182,634.90	1,386.30	3,877.24	2,874.74	23,336.64	14,542.84	72,776
221,072.45	None.	10,364.34	6,151.00	57,996.66	31,654.38	97,233
155,351.94	None.	12,813.41	7,812.37	54,067.30	44,860.04	66,630
288,798.64	*g* 3,500.00	4,058.76	4,517.00	74,833.43	71,672.57	106,967
292,306.79	None.	8,703.07	2,566.53	96,087.49	19,842.13	61,063
82,720.87	212.50	4,528.89	1,746.90	11,840.53	23,106.40	44,591
225,004.67	------------	3,247.14	4,918.00	34,288.50	*c* 21,595.33	64,636
253,304.27	None.	13,405.95	427.00	26,292.31	13,626.73	100,918
134,973.43	300.00	4,994.35	750.19	10,623.69	36,788.81	63,378
153,713.93	*g* 1,203.00	3,240.53	316.00	49,079.50	*b* 18,381.93	59,238
282,206.05	7,322.00	7,764.31	2,034.16	66,799.31	30,732.92	51,316
83,500.14	*g* 1,951.66	2,643.68	2,311.34	9,195.21	*l* 4,940.21	30,386
89,938.52	*a* 750.00	2,686.59	2,900.00	5,929.15	12,237.65	43,883
98,950.31	*a* 700.00	2,896.35	2,807.80	11,730.71	10,612.37	48,109
152,048.18	*f* 200.00	2,806.97	4,069.00	21,316.22	24,742.22	56,509
101,180.06	*m* 534.59	1,538.24	222.00	11,002.47	*b* 4,136.00	44,119
118,674.38	None.	3,089.12	7,463.00	5,430.93	5,575.35	47,538
330,144.17	None.	7,693.99	945.30	47,133.35	18,276.98	67,144
245,862.00	*a* 1,750.00	9,281.36	4,756.92	25,959.67	28,133.39	99,691
75,611.67	*g* 152.00	1,849.97	925.00	9,909.11	11,935.56	26,988
217,044.98	*a* 1,404.87	3.680.89	4,899.75	48,654.03	38,316.39	73,166
94,680.66	None.	4,042.95	500.00	1,837.23	3,301.84	45,000
144,504.17	*f* 1,895.42	3,350.88	3,461.23	6,761.45	*c* 18,818.98	62,919
146,070.52	*g* 1,216.30	2,500.88	1,511.50	9,785.49	*b* 7,019.11	40,910
203,708.62	*g* 1,506.00	11,528.68	5.214.00	63,552.92	*c* 22,855.02	79,773
99,101.79	200.00	2,855.74	15,989.06	10,953.52	3,256.15	43,920
67,730.92	7,400.00	1,901.94	254.00	2,290.13	*h* 7,407.23	23,521
144,891.66	*a* 4,777.39	4,718.44	5,531.91	2,785.76	5,154.37	57,117
77,020.08	*a* 1,720.50	5,550.40	6,500.20	3,110.50	5,300.80	41,080
4,330,918.68	65,981.61	253,496.35	156,396.97	1,211,551.88	941,199.47	3,117,444

k $700 also as surety; $300 on interest, in advance. *l* Including $1,000 capital stock, Bank of Mutual Redemption. *m* $319.19 on interest; $215 not on interest.

STATE OF NEW HAMPSHIRE, *Secretary of State's Office, June 15, 1860.*

The above is a true statement of the condition of the several banks in this State as returned to this office.

Attest: THOMAS L. TULLOCK, *Secretary of State.*

THE CONDITIONS OF OUR COUNTRY DEMAND IT.

Let us now speak of its adaptation to our conditions and needs and the advantages that must necessarily come to us from its adoption.

First. As to our condition and needs, it is to be observed that a comparison of our condition, domain, commerce, and population with those of the countries mentioned clearly establishes the fact that if an elastic currency has proved of an inestimable advantage to them, it would be of a still greater benefit to us. For, owing to our immense products at great distances from our financial centers, more particularly in our partially developed sections, it becomes absolutely necessary that the local banks provide money by expressing bills of lading and the notes of our merchants and farmers to the great commercial centers and, borrowing money upon them, ship it out to the various sections thousands of miles away, and when our crops and products are marketed, ship the money back to the far-off centers and express the notes and other collateral home again. What we do in this line of business is without a parallel anywhere in the civilized world.

Lingering prejudice may breed pernicious and unfounded suspicions, but experience, common sense, reason, and justice plainly point the way.

IN PRINCIPLE ALL SECTIONS ARE SIMILARLY SITUATED.

Second. What advantages will necessarily follow the adoption of this system in this country may be more clearly seen by some concrete illustration. Choose, if you will, the city of New Orleans, the cotton center of the South; or Kansas City, handling the varied crops of the central West; or Fargo, lying in the lap of our greatest wheat region in the central North; or Seattle, struggling with the diversified products of the great Northwest; or Los Angeles, unable to handle the golden fruits of southern California for the want of an adequate currency; and what is true of these greater centers is equally true of every community having banking facilities throughout the entire length and breadth of our country. Certainly it will not be denied that the notes and bills of lading in the banks of New Orleans, or any other city, are just as good security there for the redemption of any notes the banks themselves may issue as they are tied up in bundles and held in New

York City for the security of the currency that may be shipped South. The amount of money used in either case would be the same; the amount of security the same.

WHAT A BANK ACTUALLY DOES TO GET CURRENCY.

Then what is the difference? Let us see. A New Orleans bank which has a capital of $500,000 ties up in a bundle $125,000, or perhaps $150,000, of its best notes and ships them to its New York correspondent, and borrows, if perchance there is no panic on, $100,000 of money, paying on an average about 6 per cent per annum for it, and loans it out to move the cotton crop in its section. As it must pay the express two ways on the $150,000 of discounts or notes and the express two ways on the $100,000 borrowed, the producers of the South must pay anywhere from 8 to 10 per cent for the money, and should do so, considering the risks and what it costs the bank, for we must remember that the banking business pays no great return upon the capital engaged in it. The report of the Comptroller of the Currency shows that the average earnings of all the national banks of the United States were only 5 per cent for the year ending March 1, 1895, and 5.4 per cent for 1896, which is a low rate, considering the risks involved in the double liability of stockholders.

Some of our people seem to think that national banks are favored institutions. That this is a mistaken idea and that its advantages, if any, are open to all of our people alike, let me call your attention to the following facts:

ONLY ONE-THIRD OF OUR BANKS ARE NATIONAL.

First. If the national banks are specially favored, why do not the several thousand trust companies, State banks, and private banking firms organize at once under that law? There are but 3,679 national banks, while there are 5,708 State banks.

Second. No one who is a conservative adviser ever suggests national-bank stock to the widow or aged, or those with limited means, because the risk in holding it is so great.

Third. The shares are only $100 each, so that any frugal person may invest in the stock of a national bank if he desires to do so.

Fourth. We must not forget that if banking under a national-bank charter was so much more profitable than any other busi-

ness, men of means stand ready at all times to engage in it, bringing the profits down to or below the level of all other investments.

DEMAGOGUES TAKE ADVANTAGE OF IGNORANCE TO AROUSE PREJUDICE.

This suspicion or misapprehension that the Government is extending through the national banks to some one something that everybody else can not get has given birth to a kind of prejudice—the child of ignorance—excited an unwarranted jealousy, and developed a groundless opposition in some localities to a system that has raised the standard of banking in this country and provided the American people with a currency as sound as any in the world, and calling for the admiration of all civilized nations.

Now, recurring to the special matter in hand, let us suppose that this same New Orleans bank, with its $500,000 capital, was organized under this bill. What could it have done under the section now being discussed?

WHAT A BANK MIGHT DO UNDER THIS MEASURE.

The bank need not tie up and ship away $150,000 of its best securities, but keeping them in its own safe issue $100,000 of its own notes at a cost of 1 per cent per annum instead of 6 per cent.

Will it be necessary to state that this difference of 5 per cent in the two instances will, every penny of it, amounting to $5,000 on every $100,000 loaned, come out of the merchants, farmers, or producers, and practically all of it out of the farmers or producers? Again, we should not fail to observe that the tax paid on the circulation goes into the United States Treasury to help pay the expenses of the Government, and to that extent the people will be relieved of taxation.

FARMERS AND PRODUCERS WILL REAP THE ADVANTAGE.

Will anyone seriously urge that any portion of this heavy charge will be borne by the bankers? Nor will anyone at all familiar with the laws of trade doubt that the people—farmers and producers—will ultimately get every farthing of the advantage gained, for competition would very soon bring the bankers' share of profit to a fixed limit, not varying much from its present margin, thus saving to the people, the producers of our country—farmers and laborers—anywhere from 1 to 5 per cent per annum upon the capital borrowed to carry on the commerce of the country.

The value of our finished product, it will be remembered, now annually exceeds $12,000,000,000.

Mr. Edward Atkinson, the statistician, has estimated that in the transformation from the unmined coal and iron, the unbroken forest, and the fallow fields to the homes in which we live, the things we wear, and those we eat, there are at least three transfers of this vast property, or $36,000,000,000 passing from man to man. Is it not reasonable to suppose that at least two-thirds of this amount is handled with borrowed capital? If so, even if the loans ran but sixty days and 1 per cent can be saved on this two-thirds, or $24,000,000,000, the people—the producers—will be the gainers by $240,000,000 every year, or more than two-thirds of all the greenbacks still outstanding. Shall we not cancel them if we can more than make up for them in every succeeding year, to say nothing of the frightful loss they are entailing upon the country every month, and the danger to which the Government is subjected because of them?

Let the reader estimate what the gain to the producers would be if the loans on this $24,000,000,000 ran six months! What if they ran for the year? More than $1,000,000,000!

FALSE ASSUMPTIONS SHOULD BE DISCARDED.

Is it not a mere fetich to hang on to the greenbacks, then, deceived by the hallucination that the Government can make something out of nothing, when it has been proved in this case, as in all others, that mistakes and falsehoods only lead to misfortune and disaster? If the experience of all other great commercial nations added to this fatal delusion is not convincing enough to determine our action now, we shall simply have to wait to be taught by more bitter lessons still, and more crushing disasters, what has already been demonstrated beyond the shadow of a doubt.

EQUALIZATION AND LOWERING OF RATES.

Under the operation of this provision of the bill there is still another object to be attained that is founded in justice and conserves the welfare of the people in all portions of our country alike. It is the equalization of the rates of interest in every section of the land, from Niagara Falls to the Gulf, from Cape Cod to the Golden Gate. Wherever there is banking capital, a de-

mand for money, and an equally abundant supply of equally good commercial two-name, thirty, sixty, and ninety day paper, there the rates should and will be practically the same.

Rates of interest will not then be, as now, particularly low in one locality because there is considerable wealth in the form of money and securities, and particularly high in another notwithstanding there is abundant wealth in the form of cotton, corn, cattle, wheat, and the various other products of the earth simply because it awaits a better day for disposition or sale. The question will not then be so much whether it is stocks and bonds on the one hand and cotton and corn on the other as whether it is good liquid wealth in some form—cattle, hogs, corn, cotton, and wheat being regarded as good wealth, as quick assets, if only the banks have the facilities for carrying them.

OBJECT OF GRADUATED TAX.

It will be observed that the tax imposed upon the circulation is an increasing graduation. The object is to give it a repressive effect just in proportion as the expansion increases under the varying pressure from the crop movement to the demands of an acute and general panic.

The same principle is illustrated in the 5 per cent tax imposed upon the credit circulation of the German banks whenever it passes a certain limit.

It is also illustrated in the operations of the clearing houses of New York, where they charge 6 per cent upon clearing-house certificates, and in Boston, where they charge 7 per cent upon them, confident in all these instances that the tax will compel the retirement of the issues. So far this system has worked perfectly, the retirement of the circulation following quickly upon the disappearance of the cause.

UNITED STATES NATIONAL BANK NOTE REDEMPTION FUND.

SEC. 9. That all taxes so paid to the Government upon said United States Government bond notes and said United States national-bank notes shall constitute and be known as the "United States national-bank note redemption fund," and be held exclusively for the redemption, first, of the United States Government bond notes; second, for the United States national-bank notes in the event of the liquidation of any bank organized under this law: *Provided, however*, That when said "redemption fund" shall exceed 5 per cent of both the United States Government bond notes and the United States national-bank notes such excess shall belong to the United States Government and may be used by it to defray its general expenses.

For a better understanding of the above section from the standpoint of actual experience I herewith submit a tabulated statement showing the total circulation, amount of notes of failed banks for each year since the system was established, and the percentage they bear to the total circulation for each year:

Year ending October 31—	Total circulation.	Circulation of failed banks.	Per cent of the circulation of failed banks to the total circulation.
1863			
1864	$58,813,980		
1865	204,635,205	$44,000	0.02
1866	293,086,959	265,000	.09
1867	299,094,824	248,900	.25
1868	300,116,958	321,800	.11
1869	299,724,791	45,000	.02
1870	301,859,275	129,700	.04
1871	324,475,207		
1872	340,990,825	1,388,393	.41
1873	348,347,674	2,522,100	.72
1874	348,785,906	230,000	.07
1875	343,176,018	638,676	.19
1876	319,867,070	540,609	.17
1877	315,871,190	951,728	.30
1878	319,640,560	1,322,725	.41
1879	325,120,918	516,825	.15
1880	342,048,322	506,143	.15
1881	358,924,902		
1882	360,982,713	999,400	.28
1883	350,759,675	108,200	.03
1884	332,452,944	850,120	.26
1885	314,872,928	486,550	.15
1886	300,990,506	302,960	.10
1887	271,651,587	386,597	.14
1888	239,044,822	557,811	.23
1889	201,744,089	56,250	.02
1890	179,449,958	171,450	.10
1891	171,978,673	641,352	.37
1892	172,036,921	623,153	.36
1893	208,701,189	1,573,634	.75
1894	207,140,104	626,786	.30
1895	213,491,147	916,682	.43
1896	234,437,572	761,500	.31
Average for period			.203

From this tabulated statement, showing that an average tax of one-fifth of 1 per cent on the total circulation for thirty-three years would have covered all the notes of the failed banks, we may certainly assume that the tax imposed will much more than cover the notes of failed banks in the future, and that a 5 per cent safety fund will prove more than ample to take care of any emergency that may arise. When we recall the fact that had there been no bonds to secure the national-bank notes for thirty years the note holders could not have lost to exceed $1,139,253, of

which $958,247 was still in unclosed accounts, we may confidently believe that this provision will not only insure the notes, but will be a source of large profit to the Government.

CLEARING-HOUSE DISTRICTS.

SEC. 10. That the board of finance shall divide the United States into clearing-house districts, and each bank organized under this act shall belong distinctively to some one district, and the number of such district shall be plainly and prominently printed upon the said United States national-bank notes issued by the banks located therein. The several banks of each district, upon receiving United States national-bank notes belonging to any other district, shall forward the same to a bank in a clearing-house city, which shall return them to the district to which they belong.

The object of the foregoing section is to insure the constant redemption of the United States national-bank notes, to materially strengthen our banking system, and becomes essential for the following reasons:

OUR SYSTEM WOULD REQUIRE THEM.

First. Our individual banking system does not in itself give us the same facilities for forcing current redemption that large banks with branches in all parts of the country would, and current redemption, it must be remembered, is the essential counterpart of a credit system of currency.

THEY WILL DISTRIBUTE CAPITAL BETTER.

Second. This system of districts will draw the normal money—gold, silver, and United States Government bond notes—to the redemption or clearing-house centers and keep it better distributed throughout the year.

CURRENCY WILL ALWAYS EQUAL DEMANDS.

Third. The tendency will be to keep the credit money at home, so that it can be retired whenever the bank issuing it desires to do so, and thereby save the tax when there is no further use of the money in circulation.

PROFIT ON CIRCULATION WILL GO TO EACH DISTRICT.

Fourth. This system will enable every district of the United States to furnish whatever credit money it needs by sending all credit notes from other districts home and putting out its own, and thereby save all the profit on circulation in each district to the district itself.

Fifth. But the most important and far-reaching effect of this

provision is the advantage and protection it gives to every bank belonging to a clearing-house district.

EVERY BANK SHOULD BE AS STRONG AS ALL COMBINED.

It is important to observe and remember that every bank belonging to a clearing-house district is individually as strong as the combined capital of all the banks included in the district; and it is not at all likely that there would be a clearing-house district with a capital less than $25,000,000, and probably none less than $50,000,000, while the large cities would be many times stronger than that even.

WITH THE STRENGTH OF CENTRALIZED BANKING WE SHALL HAVE THE ADVANTAGE OF INDIVIDUAL BANKING.

This plan would give us all the power of the most perfect centralized system of banking in the world, with all the advantages of individual banking institutions. In fact, I am of the opinion that in power and facility it would surpass any system now in operation. While it would be perfectly independent in its parts and responsive to the demands of every locality, it would be free from the caprice and discrimination of a management hundreds and perhaps thousands of miles away.

IT WILL INSURE GREATER CAUTION.

It will be admitted, I think, that any bank belonging to a clearing-house district will exercise greater caution in loaning its funds, or in issuing its notes, than it would were it not a member of some district, for it must realize that it is in a measure under the surveillance of the associated banks and can not afford to fall under any suspicion on account of poor management; hence the moral effect must necessarily be to improve the character of all our banking, a matter that is always of the very greatest importance to the commercial world.

REDEMPTION OF NATIONAL-BANK NOTES.

SEC. 11. That the said United States national-bank notes shall be a legal tender at par between all national banks, and the same shall be redeemed upon presentation at the bank of issue in gold coin, or at the option of the bank of issue 40 per cent thereof may be redeemed in United States Government bond notes.

The first provision of this section is the same as that now on the statute books with regard to our present bank notes.

The object of making these United States national-bank notes redeemable in the United States Government bond notes as well

as gold is to protect the metal reserve of the bank for the first few years, until the banks can accumulate the necessary stock of gold and adjust themselves to the new conditions; and yet, since the United States Government bond notes are themselves redeemable in gold at the bank of issue, it amounts to a gold redemption.

FACILITIES FOR REDEMPTION OF NOTES.

SEC. 12, That each bank organized under this act and doing business outside of a clearing-house city shall select some national bank in the clearing-house city of its own district through which it shall redeem its United States national-bank notes in gold coin, or, at the option of said redemption bank, 40 per cent thereof may be redeemed in United States Government bond notes, and for said purpose shall keep on deposit with said bank a reserve of 5 per cent of the amount at any time outstanding, and said 5 per cent may be considered a part of its required reserve.

The object of this section is to insure the current redemption of bank notes by facilitating in every way their presentation for redemption, and thereby constantly testing their soundness and bringing them back to the bank of issue for retirement if they should be needed no longer in circulation.

BANKS WITH $20,000 CAPITAL.

SEC. 13. First. That in cities with less than 2,000 population banks may be organized under this act with a capital of $20,000 or any greater amount in multiples of $5,000; but no bank shall be organized in any reserve city with a less capital than $100,000.

Second. That under such regulations and restrictions as shall be established by the said ministers of finance, national banks organized under this act may establish branch banks by and with the consent of said ministers, such branch banks to have the right to receive deposits, make loans, grant discounts, and buy and sell exchange, but in no case to be permitted to issue circulating notes other than those of the parent bank. It shall in all respects be considered as a part of the parent bank, and in each case where such branches are maintained the ministers of finance shall receive, in the reports of the central bank, a statement, properly sworn to and attested, of the condition of its branches.

Said ministers of finance shall also have the right of separate and independent examinations, and they may, whenever they deem it necessary, require, before granting the right to any bank to maintain branches, that the paid-up capital stock of such bank be increased to an amount to be fixed by them.

BRANCH BANKS MAY BE DESIRABLE.

That the present minimum limit of $50,000 capital for national banks prevents the establishment of them in many places where they are much needed, all are agreed; and whether a capital as small even as $20,000 would serve every locality and meet all conditions there is very great doubt. Indeed, this is particularly true, as everyone knows who has studied this question from actual ob-

servation, in localities where a considerable amount of money is required for a few months every year and very little or no demand at all during the other months, a circumstance that can only be met by the establishment of a branch. Otherwise the people can never have local and convenient banking facilities at all. However, that the location of small banks and the opening of branches should be carefully investigated and great discretion exercised in granting such privileges will be apparent upon a moment's thought, for while the accommodation of the people should be a constant study, their absolute protection should never be forgotten.

GOVERNMENT REDEMPTION OF NOTES IN CASE OF FAILURE.

SEC. 14. First. That in the event of the liquidation of any national bank organized under this act the United States Government shall redeem, upon presentation after notice given as herein provided, any of said United States Government bond notes or said United States national-bank notes, reimbursing itself for the full amount thereof out of the assets of said bank, and distribute the remaining assets among the depositors and all others having claims in the same manner as now provided by law.

Second. That from the time of the suspension of said bank up to the date set by said ministers of finance for the redemption of said United States national-bank notes they shall bear interest at the rate of 5 per cent per annum. Such notice shall be given in some newspaper printed in the clearing-house city where said notes were cleared; but nothing herein contained shall be construed to impose any liability upon the Government of the United States, or any of its representatives, beyond the amount available from time to time out of said "United States national-bank note redemption fund."

ADVANTAGE OF A UNIFORM SYSTEM OF CURRENCY.

One of the greatest benefits, if, indeed, not the greatest, growing out of our national banking system has been the fact that all of the notes have been equally good everywhere. The note of the bank with $50,000 capital is as good as the note of the bank with $5,000,000 capital; that instead of a currency issued under as many different banking laws as there were States, and having as many different values as were represented by the ever-changing credit of 10,000 banks, we have had a uniform currency good not only at home but abroad. We have learned our lesson, and our people will not be satisfied with a currency that is not uniform and equally good in all parts of the country. Therefore we want no money that will not stay away from home simply because it has no standing elsewhere and every transaction forces its holder to suffer discount. We do not want a dollar that is too poor to

stay away from home and must necessarily be a constant source of loss to the holder, who invariably turns out to be a laborer if unfortunately a bill should prove to be utterly worthless. It is the duty of this Government to establish a system of currency that will protect the note holder against the possibility of a loss of the millionth part of a cent. No man living anywhere under our flag should be compelled to hesitate a moment about taking any money circulated within the confines of the Republic, which is to-day, practically speaking, owing to our railway facilities, telegraphic and telephonic communication, and intimate commercial relations, one extended neighborhood, one gigantic city reaching from the Lakes to the Gulf and extending from ocean to ocean.

Therefore we want no State-bank notes, but a national currency protected and ultimately redeemed by the Government. Such a currency section 14 guarantees to the American people.

INSURANCE OF DEPOSITORS.

SEC. 15. First. That any bank organized under this act may at any time after 1905, with the consent of the ministers of finance, insure its depositors against loss by paying into the United States Treasury 1 per cent upon the average balance of deposits of the preceding fiscal year, and one-half of 1 per cent upon the average annual balances thereafter until the amount so paid into the United States Treasury by said bank shall amount to 5 per cent of the average balance of said bank for the last preceding year, and that said ministers of finance may then suspend said tax for the time being. If the deposits of said bank shall increase, or for any reason the amount of the insurance fund to the credit of said bank shall be less than 5 per cent of the deposits, said ministers may reimpose said tax of one-half of 1 per cent upon the deposits of said bank; and if said bank shall fail to pay such tax at any time after the payment of said 1 per cent the amount already paid by said bank shall be forfeited to the United States Government, and the insurance of said depositors shall thereupon cease.

Second. That the amounts of money so received shall constitute and be known as the "depositors' insurance fund," and each bank shall be entitled to receive interest upon the amount standing to its credit in said "depositors' insurance fund," at the rate of 2 per cent per annum, and the same shall be adjusted annually on the 30th day of June.

Third. That in the event of the suspension of payment by any bank so insured of any of its liabilities as they accrue the United States Government shall, within sixty days thereafter, no reorganization then pending, pay the depositors of such bank in full all their just claims, if no question has been raised thereto; but nothing herein contained shall be construed to impose any liability on the Government of the United States, or any of its representatives, beyond the amount available from time to time out of said "depositors' insurance fund."

Fourth. That the United States Government shall thereupon reimburse itself out of the assets of said bank for any and all such moneys paid out on

account of said deposits, less the amount standing to the credit of said bank in said "depositors' insurance fund;" and the remaining assets shall be distributed among the creditors in the same manner as now provided by law.

NO CLASS OF INSURANCE IS MORE IMPORTANT, WISE, AND JUST, AND THE PEOPLE SHOULD DEMAND IT.

I am fully aware that in the outset this section will provoke some discussion and gives apparently a better field upon which those differing may array themselves than almost any other provision in the bill; but this partial admission of some possible objection is not due in the slightest degree to a want of soundness of the principle involved in this section of the measure, but simply because such a provision has never been made a part of any banking system. That it will ultimately find its way into all, I have no doubt, for there is no business of such extent as that of banking where to-day the records are so well preserved and will enable the student and statistician to arrive at a basis of insurance that will be as reliable as these; not even mortuary tables upon which nearly every human life, in our own country at least, is carrying some insurance. The fire-insurance system of the world is based upon data that enables the actuary to furnish a line of premiums that gives upon large averages an almost mathematically certain result.

The principles that control in the vast operations of both life and fire insurance are identical with those upon which this provision rests. But my maturer thought impels me to the conclusion that in neither is there so much need of averaging risks and escaping the consequences of misfortune as in the proposed remedy for the crash and widespread ruin that almost invariably follows bank failures to-day. It will be observed in this connection that the provision is purely voluntary in its operation, and imposes no burden or risk upon the Government beyond those of a trustee for the fund created.

That we may be able to consider the question in a most practical way, I have obtained from the actuary of the Treasury the following tabulated statement, which, I have no doubt, will disclose a most surprising and gratifying result to every student of those great movements that look in the direction of equalization in material things and social conditions:

Year.	Deposits—total of all banks.	Deposits of failed banks.	Per cent of total deposits that would have paid depositors each year.
1863	$8,497,682	----------	----------
1864	78,076,545	----------	----------
1865	336,427,385	$122,089	0.26
1866	538,799,433	1,104,044	.31
1867	537,785,716	3,357,563	.62
1868	555,874,645	308,112	.06
1869	550,540,172	239,886	.04
1870	522,666,547	----------	----------
1871	594,356,347	2,463,654	.42
1872	608,925,580	521,375	.09
1873	615,470,770	6,703,732	1.09
1874	643,883,078	332,268	.05
1875	662,531,811	2,410,592	.36
1876	629,039,525	1,427,429	.23
1877	631,769,706	4,961,622	.77
1878	613,807,295	2,015,140	.33
1879	673,258,423	472,661	.07
1880	870,834,637	778,966	.09
1881	1,033,168,117	2,654,690	.26
1882	1,058,871,688	3,291,896	.31
1883	1,054,220,122	609,765	.06
1884	1,009,749,551	6,994,362	.69
1885	1,070,496,543	3,037,530	.29
1886	1,151,010,262	974,531	.08
1887	1,252,361,657	6,273,257	.50
1888	1,307,123,561	2,460,477	.11
1889	1,426,204,779	937,907	.07
1890	1,506,429,439	1,058,511	.07
1891	1,556,877,110	16,332,071	1.05
1892	1,745,849,469	904,689	.05
1893	1,609,731,110	14,575,565	.91
1894	1,671,893,716	3,643,597	.22
1895	1,703,406,071	5,672,511	.33

The average per cent for each year, from 1864 to 1895, inclusive, upon the total deposits that would have been sufficient to pay the depositors in full, had absolutely nothing been realized from from the assets of the banks, was only 0.31, or less than one-third of 1 per cent per annum.

ALL CLOSED BANKS SHOW AN AVERAGE OF 75 PER CENT RETURNS.

The lowest percentage of dividend paid to the creditors of any failed national banks whose affairs are closed was that of fourteen and a fraction, to the creditors of the Cook County National Bank, of Chicago, Ill., being No. 38 on the list of banks placed in the hands of receivers. The next lowest percentage of dividend was seventeen and a fraction, to the creditors of the Tennessee National Bank, of Memphis, constituting No. 5 on the list. The average percentage of dividends paid to creditors of insolvent national banks whose affairs are entirely closed is about 75 per cent.—*Report of the Comptroller of the Currency, 1896*, page 31.

THE INSURANCE TAX COULD NOT EXCEED ONE-TWELFTH OF 1 PER CENT PER ANNUM.

Taking the experience of all insolvent national banks whose accounts have been closed, it is to be observed that the actual

insurance charge upon the deposits of national banks would have been one-twelfth of 1 per cent per annum or a total of but 2¾ per cent in thirty-three years. Would this not have been a most insignificant and inconsequential cost to the banks compared to the great and almost incalculable benefits it would have been to trade and commerce to have saved from failure that great army of merchants who have been brought to ruin by the failure of the banks with which they were keeping their accounts? Let us weigh a matter of such moment carefully and come to our final conclusion with the utmost deliberation, especially since the chief if indeed not the only objection is that it is a new proposition.

With all of our bank notes ultimately redeemed by the Government, as provided in the preceding sections, and the depositors of the national banks insured against loss in case of failure, it is confidently believed that bank failures would be reduced to a minimum; that money panics would be unknown; and that we would escape the most unfortunate and serious consequences growing out of bank failures, the ruin of the merchants and tradespeople.

HOW THE TWO FUNDS SHALL BE INVESTED.

SEC. 16. That all moneys received by the United States Government on account of the tax upon United States Government bond notes and United States national-bank notes, or on account of the taxes paid to insure depositors against loss, may be invested in the following classes of securities, and no others: First, United States Government bonds or United States certificates of indebtedness; second, the bonds of any State which has not defaulted in the payment of either principal or interest of any of its indebtedness for twenty years just preceding such investment; third, the bonds of any city in the United States having a population of more than 100,000, and which has not defaulted in the payment of either principle or interest of any of its indebtedness for twenty years just preceding such investment.

REASONS FOR THE INVESTMENTS.

But for the fact that some provision that the funds accumulated in the "United States Government bond note redemption fund" and in the "depositors' insurance fund" should be invested in some kind of securities, two objections might arise: First, it might be objected that a large amount of money was being withdrawn from the channels of trade; second, that the Government should allow interest on so considerable a sum, which it would not be prudent to do unless there were some income from that source to offset such allowance.

POWER FOR PUTTING THE ACT INTO SUCCESSFUL OPERATION.

SEC. 17. That for the purpose of carrying this act into effect and enabling the banks organized hereunder to maintain their required reserves, and for the purpose of equalizing and adjusting the relative use of gold and silver in the United States, the ministers of finance are hereby authorized and empowered to sell and dispose of any of said new 2 per cent bonds at par for gold coin, or to exchange the same for any of the legal-tender money of the United States at par; the bonds so sold or exchanged to be issued in denominations of $25, or multiples thereof, at the option of the buyer, and to become due and payable in 1950; and the said ministers, for the same purpose (with the concurrence of the Secretary of the Treasury), are also authorized and empowered to exchange from time to time gold bullion or gold coin for silver bullion or silver coin, and silver bullion or silver coin for gold bullion or gold coin.

Every man of affairs will at once realize that it will be of the utmost importance that the ministers of finance be able, in a movement so comprehensive as this, involving as it does the complete readjustment of our finances and recomposition of our currency, subject to the approval of the Secretary of the Treasury, who is responsible for the proper conduct of the income and expenditure accounts of the Government, to do anything that the purposes of this act render necessary.

LIMIT OF LOANS TO OFFICERS AND DIRECTORS.

SEC. 18. That the loans and discounts of any bank organized under this act granted to its executive officers or employees shall in no case directly or indirectly exceed 10 per cent of the capital, and the same shall be secured by proper collateral, or by an additional signature or signatures of financially responsible persons to the notes taken, and that the same be made only upon the written approval of a majority of the board of directors and a separate record thereof kept.

SEC. 19. That no loan shall be made to a director not an executive officer of the bank except either upon a deposit of good and sufficient collateral security, or upon a note given therefor, bearing, in addition to such director's own name, the signature or signatures of one or more financially responsible persons, or unless a resolution has been passed by the board of directors and signed upon the record by at least a two-thirds majority thereof, giving to such director a line of credit covering any advances to be made to him.

PENALTY ATTACHING TO ANY OFFICER OR EMPLOYEE.

SEC. 20. That any president, vice-president, cashier, assistant cashier, or employee of any bank organized under this act who shall be convicted of unlawfully borrowing or using any of the funds of the bank with which they are connected shall be imprisoned for ten years, and any officer of any such national bank at the time of its failure shall be ineligible to any official position in any national bank thereafter.

BANKS MUST NOT PROMOTE.

SEC. 21. That it shall be unlawful for any national bank to engage in the promotion of any enterprise, or to loan the funds of the bank upon the bonds or securities of incomplete and partially developed projects of any kind, such as partially constructed railroads, street-car lines, electric-light, gas, water, mining, manufacturing, or irrigation plants.

DIRECTORS MUST EXAMINE THEIR BANKS.

SEC. 22. That upon a day in each year, to be designated by said ministers of finance, the directors of the national banks shall be, and are hereby, required to make an examination of the affairs of the bank with which they are connected and submit their report thereon upon blanks furnished by said ministers, and said report shall be signed by at least three-fourths of said directors.

The following extract from the report of the Comptroller fully justifies the greater care these sections impose upon the directors and the stricter rules they establish for the officers in the conduct of a national bank:

CAUSES OF FAILURE OF NATIONAL BANKS AND DUTY OF DIRECTORS.

A careful examination has been made into the causes of failures of national banks and the number failing from each cause, from 1863 to 1896, with the following result:

Three have resulted from defalcation of officers; 22 from defalcation of officers and fraudulent management; 1 from defalcation of officers and excessive loans to others; 2 from defalcation of officers and depreciation of securities; 19 from excessive loans to others, injudicious banking, and depreciation of securities; 18 from excessive loans to officers and directors and depreciation of securities; 6 from excessive loans to officers and directors and investment in real estate and mortgages; 3 from excessive loans to others and depreciation of securities; 4 from excessive loans to others and investments in real estate and mortgages; 1 from excessive loans and failure of large debtors; 8 from fraudulent management; 15 from fraudulent management, excessive loans to officers and directors, and depreciation of securities; 12 from fraudulent management and injudicious banking; 8 from fraudulent management, defalcation of officers, and depreciation of securities; 5 from fraudulent management, injudicious banking, investments in real estate and mortgages, and depreciation of securities; 9 from fraudulent management excessive loans to officers and directors, and excessive loans to others; 19 from injudicious banking; 54 from injudicious banking and depreciation of securities; 12 from injudicious banking and failure of large debtors; 13 from investments in real estate and mortgages and depreciation of securities; 43 from general stringency of the money market, shrinkage in values, and imprudent methods of banking, and 8 were wrecked by the cashiers.

The inevitable conclusion to be drawn from a study of the causes resulting in these failures is that in the great majority of instances those directly responsible for the management of the banks involved, both directors and executive officers, have been negligent of their duties and wanting in insisting upon the employment of methods of ordinary safety and prudence. It follows that every bank failure has caused more or less loss to creditors and shareholders, and subjected those connected with these institutions to criticism. The relation which the Comptroller's office bears to the banks and its method of examinations have been so much a matter of public discussion that it seems wise at this time to call the attention of both Congress and the public to these relations, and the duties which it is believed rest directly upon and should be discharged by those whose oaths make it obligatory on them to conserve the interests of the bank.

The duties resting upon directors are not in contemplation of law merely formal ones to be met in a formal manner only. It is expected that they shall be thoroughly conversant, both in general and in detail, with the manner of the conduct of institutions with which connected and the methods

employed. Bank directors should know whether the best bookkeeping methods are used in their banks, whether precautionary measures in the verifying of entries upon ledgers and pass books are taken, and whether employees, from president to bookkeeper, are engaged in speculative enterprises and employing the bank's funds, thus endangering the safety of those trusting the bank. The character of the internal management necessarily makes the institution a safe or an unsafe one.—*Report of the Comptroller, 1896*, pages 31-32.

POWER OF ASSISTANT CASHIER.

SEC. 23. That the assistant cashier, in the absence of the cashier, or on account of his inability, shall be, and he is hereby, authorized to sign the circulating notes of the bank, and sign and make oath or affirmation to the reports called for by said ministers of finance showing the condition of the bank with which he is connected, and such oath or affirmation and all others required of bank officers may be administered by any notary public or commissioner of deeds.

At present the law limits the authority which this section gives to the assistant cashier, to the cashier, which very greatly interferes with the proper conduct of the business of many banks in cases of absence or sickness of the cashier, and therefore this provision simply facilitates the performance of the duties of the cashier.

GOVERNMENT CHARTERS FOR CLEARING HOUSES.

SEC. 24. That the clearing houses of the respective districts shall act under charters granted by the United States Government, running for fifty years and authorizing them to effect clearances between banks and to do other business for and between banks, in accordance with such rules and regulations as may be prescribed by said ministers of finance from time to time.

The above section states so clearly its object that when the importance of convenient places for the clearance of exchanges and the current redemption of the note issues is considered in conjunction with the general purpose of this bill, no one will doubt the wisdom and necessity even of granting national charters to the clearing houses as well as to the banks, as they are an important and essential adjunct in completing a sound currency system.

POWER OF THE SECRETARY OF THE TREASURY TO MEET ANY DEFICIENCY.

SEC. 25. That to provide for any temporary deficiency now existing in the Treasury of the United States, or which may hereafter occur, the Secretary of the Treasury is hereby authorized, at his discretion, to issue certificates of indebtedness of the United States, payable in from one to five years after their date, to the bearer, in gold coin, of the denomination of $25, or multiples thereof, with annual coupons for interest at a rate of interest not to exceed 3 per cent per annum, and to sell and dispose of the same for not less than an equal amount of gold coin at the Treasury Department and at the subtreasuries and designated depositories of the United States, and at such post-offices as he may select. And such certificates shall have the like qualities, privileges, and exemptions provided in the resumption act (approved January 14, 1875, entitled "An act to provide for the resumption of specie payments") for

the bonds therein authorized. And the proceeds thereof shall be used for the purpose prescribed in this section, and for no other.

SEC. 26. That all acts or parts of acts inconsistent with the foregoing shall be, and the same are hereby, repealed.

That the United States Government should have power to meet any emergency that may arise on account of its lack of revenue, no man of business sense will deny. Nor can it be assumed that this Government, any more than a private business, will always have a surplus revenue even with a change in our tariff laws. A large surplus is not now necessary; therefore, should we succeed in adjusting our income to our expenses the coming year, changed conditions might shortly bring about a deficit, which could only be provided for in two ways during that current year:

First. Close the courts and other departments of the Government.

Second. Temporarily provide the means for carrying them on by the sale of certificates of indebtedness under the authority given by this provision, to which every reasonable man of patriotic and practical instincts and business experience who is not controlled by partisan prejudice nor hope of temporary political advantage will give his hearty approval and unqualified support.

Having now discussed in detail the various provisions of the proposed measure, I desire to call attention to certain matters that invariably present themselves in any intelligent discussion of this all-important subject.

THE PLAN ADOPTED MUST BE CLEAR EVEN TO THE LAYMAN.

First. It would be useless to waste time even in discussing any measure, to say nothing of passing it, unless upon examination it could be readily understood and from the advantages it offered would at once attract practically all of the bank capital in the country, so that we would have a uniform system; therefore it becomes pertinent to inquire whether banks would immediately organize under this act should it become a law.

IT MUST BE SUCH AS TO AT ONCE ATTRACT THE BANKING CAPITAL OF THE COUNTRY.

In the first place, they would do so because of the protection and moral support the clearing houses provided for would give at all times, and more particularly when any stress was thrown upon the banking interests of the country.

In the second place, they would regard it quite a sufficient advantage of itself, in a great majority of cases, if no other was gained, to be able to issue their own note circulation, and thereby accommodate all their customers, who are entitled to credit, at a cost to themselves of only 1 or 2 per cent and without the least trouble, when at present they can only partially do so, even at a cost of 6 or 7 per cent, and with great trouble and annoyance to themselves and a corresponding expense to the customers of the bank, if, perchance, they can accommodate them at all.

In the third place, that while the people of the United States will save annually in interest on the national debt about $12,000,000 and an incalculable amount of interest on their loans, particularly in a section where the rates are now very high, the banks would realize a net gain upon the circulation taken out upon the 2 per cent bonds of 1¾ per cent and a greater profit upon their own circulation than upon the money hired from their correspondents hundreds of miles away.

In the fourth place, this act would individualize the bank and give it much greater freedom, simplify its methods, and greatly economize its management, which would result in a corresponding and mutual gain to both the bank and borrower.

Indeed, the sooner the American people learn to transfer all taxes from the money engaged in banking to other forms of wealth which they can not use, the cheaper will they make the tools with which commerce is carried on and the shops kept in motion. The earning capacity of labor will be just that much greater, for in the last analysis money is the real tool that fells the trees out of which we build our houses and make our furniture, mines the coal, digs the ore, spins the wool, weaves the cotton, makes our garments, and prepares our food, and should be made as cheap as possible, so that labor can continue to get a greater and greater share of its profits until a perfect adjustment of labor and capital is reached.

NOTE HOLDERS SHOULD HAVE A PRIOR LIEN ON ASSETS.

Second. A question may be raised with regard to the relative rights of the note holder and the depositor. But that the note holder should have a prior lien upon the assets of the bank in accordance with our present law is essential, as the notes leave the immediate neighborhood of the bank issuing them. The fact of

their being a prior lien upon the assets of the bank justifies their passing current, because the people know they are safe by experience. Again, the note holder seldom knows the officers of a bank as the depositor does who keeps his account with some particular bank because of his acquaintance with the management. Then the depositors of banks are almost invariably the borrowers of the bank and the very persons who first get the notes. It is therefore of the highest importance that the notes be as good as possible in order that one may borrow money at the lowest rate of interest possible, and the notes remain out until he is ready to pay off his loan, for the better the notes the longer will they remain out and circulate; indeed, if they remain unquestioned, the tendency would be to continue to circulate until called in by the bank issuing them.

PRACTICALLY HE OBTAINS IT ANYWAY.

It may be suggested by some that the notes should not be a prior lien upon the assets of the bank, because that gives to the note holder an advantage over the depositor; but the reasons already given justify the principle. However, there is still another reason that forecloses all discussion upon the question as a matter of actual practice, and that is this: It will be admitted that a bank will not issue any of its bank notes unless its customers need the money. Now, it is certain that if a bank can not issue its notes it will bundle up a good margin of securities and send them to its correspondent in some distant city and get the necessary amount of currency, giving the correspondent bank a first lien upon all the securities turned over; so it will make no difference in the last analysis whether it issues its notes or borrows the money. The currency used will be a first lien upon a sufficient amount of the bank's assets to insure its redemption. The position of the depositor is the same in both cases. The criticism arises from a mere sentiment, and will always be without any foundation in practice. But, as a matter of advantage to the borrowers of a bank, who are almost invariably the depositors, in commercial banks at least, and as a matter of justice, considering the difference in the relation of the note holder and depositor to the bank, the note should be a prior lien upon the assets. Again, all national-bank notes are a prior lien upon the assets of the bank; therefore this provision is strictly in accord with our existing law.

BANKS CAN MAINTAIN GOLD PAYMENTS BETTER THAN THE GOVERNMENT.

Third. It is sometimes urged that the Government of the United States can better maintain gold payments than the banks; but when it is said that it ought to because of its greater credit, the argument is exhausted, since all the facts and experience are the other way. Indeed, the Government, if it maintains redemption in gold payments, can only do so through the assistance of the banks, as has been most strikingly illustrated through the use of the banks in the gold purchases during the past three years. Therefore it goes without saying that the banks, which are the sole agency through which the Government procures its gold, can certainly do for themselves what they can do for the Government. And the reason is this: The banks have the ways and means or machinery for obtaining the gold if they want it or must have it, while the Government can only obtain gold through the banks by the sale of bonds, which must be paid for by taxing the people.

THE GOVERNMENT HAS NO NATURAL FACILITIES FOR MAINTAINING GOLD PAYMENTS.

The Government has no inflowing stream of wealth measured in gold with which to meet its demand obligations; hence its great difficulties and constant danger. By the great increase of its demand obligations, which jumped up from $346,000,000 in 1879 to $1,000,000,000 in 1892, with no corresponding increase in its reserve, it strained its credit to an extent that gave rise to doubt as to its ability to maintain gold payments. The persistent effort on the part of some to construe the doubtful word "coin" into silver or a fifty-cent redemption, as well as gold, has thrown a cloud upon our intention, challenged our honor, disturbed public confidence, checked enterprises, and rendered any substantial and permanent prosperity and progress doubtful until our measure of value is definitely and irrevocably settled. This is one of the chief and under the present conditions a fatal objection to Government redemption, and to-day threatens every pending contract and will prevent a vast amount of new ones, especially those running for a long period of time.

BANKS IN OTHER COUNTRIES HAVE NO DIFFICULTY IN MAINTAINING GOLD PAYMENTS.

The banks of Scotland, Ireland, England, Germany, France, and Canada have found no such serious difficulty in maintaining

gold payments as the United States, nor did the Suffolk system. And this has been done in most instances with a very much smaller reserve than that provided for in this measure. Why is this? Just because every note, draft, or bill of exchange signed by two or more makers or indorsers is payable in gold or its equivalent on demand or in thirty, sixty, or ninety days, giving everyone absolute confidence, and no one ever asks for gold unless it is needed for some special purpose.

How would it be with our own banks? Let us suppose that banks having capital equal to our national banks should organize under this law and the act were in force. What would the condition be? What the result? There would be $600,000,000 of gold in the United States, about $600,000,000 of silver, and $435,194,402 of United States Government bond notes, with such an increase in note circulation from time to time as the seasons or emergency might require, amounting to a maximum of $650,014,895, making a total circulation of $2,321,209,297.

OUR PRESENT GOLD SUPPLY SUFFICIENT TO MAINTAIN GOLD PAYMENTS.

At a glance it will be observed that $600,000,000 of gold would amount to nearly 40 per cent of all the rest of the money in the country and therefore would constitute a redemption fund far in excess of any requirement experience has demonstrated necessary. Now add, if you please, the total deposits of the national banks, amounting to $1,597,891,058, making a total of $3,283,100,355, and you still have a gold reserve of about 20 per cent. Add to this, if you will, the total deposits of all other banks—private, State, and savings—and loan and trust companies, amounting to $3,276,710,910, making a grand total of money (including both silver and currency) and deposits of $6,559,811,265, and we would still have a reserve of 10 per cent, or an amount greater than that maintained in Great Britain, where it runs from 6 to 10 per cent. But should the banks think that more gold is necessary, could they not obtain it far more easily now than we did from 1878 to 1888, when we accumulated $500,000,000, nearly as much as we have to-day? It has been ascertained by experience that we have quite enough for our commercial needs; and we accumulated this vast sum, too, when Germany and France and other nations were adding rapidly to their stores of gold. If one-half of the product

of 1896, or $107,000,000, or all of it, $214,000,000, should be wanted more for monetary purposes than in the arts, it would be converted into money. Gold, like silver, wheat, corn, cattle, hogs, cotton, wool, iron, and labor, is nothing but a commodity which can be obtained by anyone who wants it in the markets of the world, and there is no class of merchants so well equipped for procuring it as the banks of the country, whose special business it is to provide safe methods for carrying on the commerce of the world.

TOTAL RESOURCES OF THE BANKS.

In conclusion, it should be observed that the banks of the United States have total resources with which to meet their deposits and procure gold with which to maintain the redemption of their notes amounting to $7,463,810,269 in gold value, which would certainly prove a source of sufficient confidence to the people, and, united with our present facilities for transacting business through the means of checks and drafts, would reduce the requirement of gold for redemption purposes below any point yet reached in the history of banking; but the possibility of repudiation through a depreciated dollar must be eliminated at once and the suggestion spurned by every man who desires permanent prosperity.

This doubt eliminated and our standard of measure once permanently established, we can confidently expect millions upon millions of capital to pour into every avenue of profitable production. Supplement these forces with a credit currency responsive to the demands of trade at rates of interest for commercial money as low as the lowest in the world, and we shall receive the highest possible exchangeable value for all forms of the products of labor, and the banks of the United States acting under one system will maintain gold redemption with greater ease than any other country on the globe.

Apart from detail and matters of administration, three objects which I regard as fundamental and essential to a complete and sound financial and currency system have been sought in drafting this measure:

FIXED STANDARD IMPORTANT TO PERMANENT PROSPERITY.

First. I realize that to secure the most permanent prosperity and the highest returns for the labor of our 20,000,000 toilers, we must have a standard of value that is unequivocal, unchanging, and universal throughout the commercial world.

DEMAND OBLIGATIONS MUST BE RETIRED.

Second. That if we would obviate a very great and constant expense to our people and infinite danger to our Government in meeting its demand obligations they must be retired and canceled.

A CREDIT CURRENCY MUST BE OBTAINED.

Third. That if we desire to lower and equalize the rate of interest throughout the United States, to secure justice in all sections, to provide money to move our crops and manufactures at the least possible expense, to insure our farmers, tradespeople, and commerce against money panics, we must have a responsive and elastic currency.

To point out exactly why the free coinage of silver would not assist in the slightest degree in accomplishing any one of these essential things may not be out of place here, as it is evident that many of our people have been led to believe that whatever our ills the free coinage of silver would cure them all, when, in fact, it would only aggravate them and add others still more serious.

For your convenience I submit the following table, taken from the report of the Director of the Mint for 1896, page 50:

Estimated stock of gold and silver in the United States and the amount per capita at the close of each fiscal year from 1873 to 1896, inclusive.

Fiscal year ending June 30—	Population.	Total coin and bullion.		Per capita.		
		Gold.	Silver.	Gold.	Silver.	Total metallic.
1873	41,677,000	$135,000,000	$6,149,305	$3.23	$0.15	$3.38
1874	42,796,000	147,379,493	10,355,478	3.44	.24	3.68
1875	43,951,000	121,134,906	19,367,995	2.75	.44	3.19
1876	45,137,000	130,056,907	36,415,992	2.88	.81	3.69
1877	46,353,000	167,501,472	56,464,427	3.61	1.21	4.82
1878	47,598,000	213,199,977	88,047,907	4.47	1.85	6.32
1879	48,866,000	245,741,837	117,526,341	5.02	2.40	7.42
1880	50,155,783	351,841,206	148,522,678	7.01	2.96	9.97
1881	51,316,000	478,484,538	175,384,144	9.32	3.41	12.73
1882	52,495,000	506,757,715	203,217,124	9.65	3.87	13.52
1883	53,693,000	542,732,063	233,007,985	10.10	4.34	14.44
1884	54,911,000	545,500,797	255,568,142	9.93	4.65	14.58
1885	56,148,000	588,697,036	283,478,788	10.48	5.05	15.53
1886	57,404,000	590,774,461	313,252,844	10.29	5.44	15.73
1887	58,680,000	654,520,335	352,993,566	11.15	6.00	17.15
1888	59,974,000	705,818,855	386,611,108	11.76	6.44	18.20
1889	61,289,000	680,063,505	420,548,929	11.09	6.86	17.95
1890	62,622,250	695,563,029	463,211,919	11.10	7.39	18.49
1891	63,975,000	646,582,852	522,277,740	10.10	8.16	18.26
1892	65,520,000	664,275,335	570,313,544	10.15	8.70	18.85
1893	66,946,000	587,697,685	615,861,484	8.93	9.20	18.13
1894	68,397,000	627,293,201	624,347,757	9.18	9.13	18.31
1895	69,878,000	636,229,825	625,854,949	9.10	8.97	18.07
1896	71,390,000	599,597,964	628,728,071	8.40	8.81	17.21

TAMPERING WITH THE STANDARD.

It will be observed that since 1888, the year both parties began to tamper with our standard of value and talk of bimetallism, we have been losing our gold. During the nine preceding years we gained $460,077,048, and in the same ratio should now have $1,165,-885,933 instead of $599,599,964, the amount we hold to-day, the balance having been crowded out by the poorer, cheaper, less valuable metal on account of the doubt raised as to whether we were really a gold-standard country or not.

With this table before us, the following observations seem justified:

THE WORD DEMONETIZED.

First. That if the definition of the word "demonetize" is to be taken from Webster, "to deprive of value, or to withdraw from use as currency," the United States has not demonetized silver, which has to-day full legal-tender quality and has not been withdrawn from use, but increased from $6,149,305 in 1873 to $628,-728,071 in 1896.

FREE COINAGE HAS NOT INCREASED OUR GOLD AS RAPIDLY AS LIMITED COINAGE HAS SILVER.

Second. That the free coinage of gold has increased our stock of gold only $464,597,964, or from $135,000,000 to $599,597,964, while our acts for the limited purchase of silver have increased our stock of it $622,579,766, or $150,000,000 more than free coinage of gold increased our stock of that metal.

FREE COINAGE DOES NOT BRING ANY METAL TO THE MINT NECESSARILY.

Third. That the free coinage of any metal does not, therefore, necessarily bring any of that metal to the mint, for if it did, all the gold in the United States in the form of bars would have gone there at once and been coined, but, as a matter of fact, for some purposes it is preferred in the form of bars.

Fourth. That of two metals at given quantities, one quantity being worth just one-half of the value of the other, as silver and gold would be at 16 to 1, there would not remain a single reason why the more valuable metal should go to the mint at all; hence, silver alone would go.

Fifth. But we are told that the fact that they both could go there would make them and keep them at the same value.

FREE COINAGE NEVER HAS RAISED THE PRICE OF ANY METAL.

From 1792 to 1834 the free coinage of silver and gold at the ratio of 15 to 1 did not increase the value of silver one-half of 1 per cent, and all of the gold left the country and our standard was silver; and from 1834 to 1853 the free coinage of gold and silver at the ratio of 16 to 1 did not raise gold one-half of 1 per cent, and all of our silver left the country and our standard became gold and has been gold ever since. Can it be that any sane man believes that free coinage, then, would raise the value of silver 100 per cent, or actually double its value? Japan did not think so when she established the ratio of 32½ to 1.

If they were both to be free coined, the only rational course would be to make the coinage ratio and commercial ratio coincide—that is, about 32 to 1—as Japan did.

However, if the ratio should afterwards diverge to the extent of one-half of 1 cent an ounce, owing to our present facilities for transportation and exchange, the metal worth the most would at once cease to circulate as money, and one-third at least of all the money we now have would disappear. For no man would pay $1.01 for anything he could obtain for $1, and every debtor would hide his dishonesty behind the law that made it possible for him to defraud his creditors. The result would be that those pieces of metal which were the most valuable would not circulate at all; so that at no time would we have the use of both metals circulating together, as we have them to-day.

WITH THE FREE COINAGE OF TWO METALS THEY WILL NOT CIRCULATE CONCURRENTLY.

That the two metals would remain at any given ratio in value, which is essential to secure concurrent circulation under free coinage, no one believes, not even the free-coinage bimetallist, who now admits that it would be only an alternating use of the two metals; for this has never been true of any two commodities at any time, anywhere, in the history of the world, and to make it possible now, we must assume that the commercial and coinage ratios coincide exactly, say at 32 to 1; that the production of the two metals will then continue at exactly 32 to 1; that the cost of the production will remain exactly equal in the ratio of 32 to 1:

2763

that the demand in the arts and finance will be exactly 32 to 1—conditions which are unnatural, improbable, impossible, preposterous!

That if the ratio of coinage were at 16 to 1 regardless of the commercial value, which is 32 to 1, not a single dollar of gold would circulate.

THE FREE COINAGE OF SILVER AT OUR PRESENT RATIO WOULD DESTROY TWO-THIRDS OF OUR MONEY.

The effect, therefore, of free coinage at the ratio of 16 to 1, or any other ratio up to an exact commercial ratio, would be to drive all of our gold—now about $600,000,000, or one-third of all of our money—out of circulation, reduce our $600,000,000 of silver to one-half its present money value—for it is now maintained at a parity with gold—or to $300,000,000, and bring our $580,000,000 of paper to a silver basis, or equal to only $290,000,000. So that instead of securing more money from free coinage we would have but $590,000,000, all told, instead of the amount we now have—$1,780,000,000.

When once upon a silver basis there would be no inducement whatever to take silver bullion to the mint for coinage, any more than there is gold to-day, a truth that is verified by the fact that the free coinage of silver has never given to any country a large per capita circulation. When the silver dollar is worth no more than the bullion it contains, there would be no inducement for the bullion owner to pay the expense of transportation and take the trouble of getting his silver bullion to the mint, for he could sell it in the open market for the same price the Government would allow him for it. Therefore we have a right to conclude that free coinage would do just the reverse of what its advocates claim for it—reduce, and not increase, the amount of money we now have.

WE SHOULD HAVE THE STANDARD OF THE CIVILIZED WORLD.

The silver standard would vary every hour of the day as silver rose and fell in the markets of the world, for all business in the last analysis would have to be adjusted upon a gold basis, and the producers of the country would be ground out of all of their profits by the middlemen under the reasonable pretense that silver might fall before they could in their turn dispose of the products.

Nothing is more essential to an even and permanent prosperity than an unvarying and unequivocal standard; but the free-silver advocates hope for nothing but an alternating standard, which would be the greatest possible curse to our commerce and the utter and eternal ruin of all our farmers and mechanics, reducing them in this country, as it has in all others, to a life of poverty and peonage.

FREE COINAGE WILL NOT RETIRE OUR DEMAND OBLIGATIONS.

The most expensive and most dangerous form of money for a nation to maintain is its own demand notes; but there is no pretense that the free coinage of silver will relieve us from this difficulty and enable us to retire them.

FREE COINAGE MEANS HIGH RATES OF INTEREST.

The most important aid to every producer is a low rate of interest and a system of currency that always responds to the requirements of his business, but no one claims that free coinage would give us lower rates of interest, but, on the contrary, much higher; nor is it claimed that it would give us a currency that would respond to and reflect the local conditions of trade in all parts of the country at every season of the year.

A full understanding of our difficulties and a clear comprehension of our needs, therefore, does not lead us to conclude that the free coinage of silver would relieve us in the slightest degree from any one of our difficulties, but add another disturbing element to our already complicated problem, bring us universal disaster and a commercial revolution that would subject our producers to the schemes and machinations of the middlemen and speculators.

For the purpose of bringing to your notice certain great truths now established by all experience, and which we must recognize if we would be wise in dealing with this most important subject and prove ourselves true patriots rather than show ourselves blind and slavish partisans, I reprint from the report of the Director of the Mint for 1896 the following tabulated statement found on pages 46 and 47:

Monetary systems and approximate stocks of money in the aggre-

Country.	Monetary system.	Ratio between gold and full legal tender silver.	Ratio between gold and limited tender silver.	Population.	Stock of gold.
United States *a*	Gold and silver.	1 to 15.98	1 to 14.95	71,900,000	$672,200,000
United Kingdom	Gold		1 to 14.28	39,300,000	*c* 584,000,000
France	Gold and silver.	1 to 15½	1 to 14.38	38,400,000	*c* 772,000,000
Germany	Gold		1 to 13.957	52,300,000	*b* 675,000,000
Belgium	Gold and silver.	1 to 15½	1 to 14.38	6,300,000	*b* 50,000,000
Italy	do	1 to 15½	1 to 14.38	30,900,000	*c* 100,400,000
Switzerland	do	1 to 15½	1 to 14.38	3,000,000	*c* 16,000,000
Greece	do	1 to 15½	1 to 14.38	2,200,000	*b* 500,000
Spain	do	1 to 15½	1 to 14.38	18,000,000	*c* 38,600,000
Portugal	Gold		1 to 14.08	5,100,000	*c* 5,100,000
Roumania	Gold and silver.			5,400,000	*c* 38,600,000
Servia	do			2,300,000	*c* 1,500,000
Austria-Hungary	Gold		1 to 13.69	44,500,000	*c* 167,200,000
Netherlands	Gold and silver.	1 to 15⅝	1 to 15	4,800,000	*c* 26,800,000
Norway	Gold		1 to 14.88	2,000,000	*c* 7,500,000
Sweden	do		1 to 14.88	4,800,000	*c* 8,500,000
Denmark	do		1 to 14.88	2,300,000	*c* 16,500,000
Russia *j*	Silver	1 to 15½	1 to 12.90	126,000,000	*c* 488,600,000
Turkey	Gold and silver.	1 to 15⅞	1 to 15⅞	22,000,000	*b* 50,000,000
Australasia	Gold		1 to 14.28	4,900,000	*b* 130,000,000
Egypt	do		1 to 15.68	7,000,000	*d* 129,300,000
Mexico	Silver	1 to 16½		12,600,000	*b* 5,000,000
Central American States.	do	1 to 15½		5,600,000	*b* 500,000
South American States.	do *e*	1 to 15½		36,000,000	*b* 40,000,000
Japan *f*	Gold and silver.	1 to 16.18		44,000,000	*c* 79,500,000
India	do	1 to 15		296,000,000	
China	Silver			360,000,000	
Straits Settlements	do			*g* 3,800,000	
Canada	Gold		1 to 14.28	5,800,000	*c* 16,000,000
Cuba	Gold and silver.	1 to 15½		1,800,000	*b* 15,000,000
Haiti	do	1 to 15½		1,000,000	*c* 4,000,000
Bulgaria	do	1 to 15½	1 to 14.38	3,300,000	*b* 800,000
Siam	Silver			5,000,000	*c* 600,000
Hawaii	Gold and silver.	1 to 15.98	1 to 14.95	100,000	*c* 4,000,000
Total					4,143,700,000

a November 1, 1896: all other countries January 1, 1896.
b Estimate, Bureau of the Mint.
c Information furnished through United States representatives.
d Haupt.
e Except Venezuela and Chile.
f Actually the silver standard, but has since January 1, 1887, adoted gold standard.

gate and per capita in the principal countries of the world.

Stock of silver.			Uncovered paper.	Per capita.			
Full tender.	Limited tender.	Total.		Gold.	Silver.	Paper.	Total
$555,600,000	$75,800,000	$631,400,000	$424,400,000	$9.35	$8.78	$5.90	$24.03
----------	c 121,700,000	121,700,000	c 111,800,000	14.86	3.10	2.84	20.80
c 434,300,000	c 57,900,000	492,200,000	c 98,000,000	20.10	12.82	2.55	35.47
b 92,000,000	b 115,000,000	207,000,000	c 126,100,000	12.91	3.96	2.41	19.28
b 50,000,000	b 7,000,000	57,000,000	c 72,500,000	7.93	9.05	11.51	28.49
c 12,500,000	c 26,500,000	39,000,000	c 168,500,000	3.25	1.26	5.45	9.96
----------	c 2,100,000	2,100,000	c 14,300,000	5.33	.70	4.77	10.80
b 500,000	b 1,000,000	1,500,000	c 14,200,000	.23	.68	6.45	7.36
----------	c 49,300,000	49,300,000	c 103,000,000	2.14	2.74	5.72	10.60
----------	c 7,400,000	7,400,000	c 59,700,000	1.00	1.45	11.71	14.16
----------	c 10,600,000	10,600,000	c 11,800,000	7.15	1.96	2.19	11.30
----------	c 1,700,000	1,700,000	c 3,000,000	.65	.74	1.30	2.69
c 25,000,000	c 40,000,000	65,000,000	c 204,500,000	3.76	1.46	4.59	9.81
c 52,900,000	c 3,300,000	56,200,000	c 32,500,000	5.58	11.71	6.77	24.06
----------	c 2,000,000	2,000,000	c 3,800,000	3.75	1.00	1.90	6.65
----------	c 4,900,000	4,900,000	----------	1.77	1.02	------	2.79
----------	c 5,400,000	5,400,000	c 4,600,000	7.17	2.35	2.00	11.52
c 3,500,000	b 40,000,000	43,500,000	c 467,200,000	3.88	.35	3.70	7.93
b 30,000,000	d 10,000,000	40,000,000	----------	2.27	1.82	------	4.09
----------	b 7,000,000	7,000,000	----------	26.53	1.43	------	27.96
----------	d 5,200,000	5,200,000	----------	18.47	.74	------	19.21
c 97,000,000	----------	97,000,000	c 4,000,000	.39	7.70	.32	8.41
c 12,000,000	----------	12,000,000	c 8,000,000	.09	2.14	1.43	3.66
b 35,000,000	----------	35,000,000	b 550,000,000	1.11	.97	15.28	17.36
c 69,200,000	c 18,500,000	87,700,000	----------	1.81	1.99	------	3.80
h 950,000,000	----------	950,000,000	i 37,000,000	------	3.21	.12	3.33
b 750,000,000	----------	750,000,000	----------	------	2.08	------	2.08
d 240,000,000	d 2,000,000	242,000,000	----------	------	63.68	------	63.68
c 5,000,000	c 1,000,000	6,000,000	c 35,000,000	2.76	1.03	6.03	9.82
b 1,500,000	----------	1,500,000	----------	8.33	.83	------	9.16
c 3,000,000	b 1,500,000	4,500,000	c 4,100,000	4.00	4.50	4.10	12.60
b 3,400,000	b 3,400,000	6,800,000	----------	.24	2.06	------	2.30
c 193,300,000	----------	193,300,000	----------	.12	38.66	------	38.78
c 1,000,000	----------	1,000,000	----------	40.00	10.00	------	50.00
3,616,700,000	620,200,000	4,236,900,000	2,558,000,000	------	------	------	------

g Includes Aden and Perim, Ceylon, Hongkong, Labuan, and Straits Settlements.
h F. C. Harrison.
i Indian currency committee report.
j By imperial decree has adopted the gold standard since January 1, 1897.

From a careful study of this table everyone must be driven to admit the following facts, which will dispose of a vast amount of misinformation and a myriad of misstatements now floating about the country:

LOCAL CONDITIONS AND ECONOMIC LAWS WILL DETERMINE THE PER CAPITA CIRCULATION.

First. That if any country fixes by law what kind of money it shall have, local conditions under the operation of economic laws will determine what the amount per capita will be.

By referring to the following gold-standard countries it will be observed that there is a great divergence in the per capita circulation. Hawaii, which mines neither gold nor silver nor has any mint of its own, has $40 per capita in American gold coins, the highest of all the nations. Then follow in their order Australasia, France, Egypt, England, Germany, United States, Denmark, Norway, Canada, and so on down to Sweden, with only $1.77.

But a much greater divergence will be found in the silver-standard countries by referring to the Straits Settlements, which have $63.38 per capita, the highest, and in their order Siam, Mexico, Central American States, China, South American States, down to Russia, which has the lowest, or only 35 cents per capita. It will be noticed that with the exception of the first two, the gold-standard countries use more silver than the silver-standard countries themselves use, which is additional proof that local conditions and economic laws, and not the free coinage of metals, determine the amount of the metal used.

GOLD WILL BE OBTAINED.

Second. If any country unequivocally selects gold as its standard it will obtain all of that metal it requires, as evidenced by the fact that nearly all the gold reserves have been acquired during the past twenty years, the leading nations having increased their holdings from $1,200,000,000 in 1873 to $4,143,000,000 in 1896.

THE SELECTION OF GOLD AS A STANDARD IS THE RESULT OF EVOLUTION.

The gradual adoption of the gold standard during the past quarter of a century by all the civilized nations of the world has been as distinctly the result of evolution as the adoption of steam in the place of the patient sail or the faithful horse, and more recently the subtle power of electricity in the place of steam; the use of

the telegraph for the more sluggish mail; the telephone for the telegraph and the messenger boys. In commerce the end sought is to bring the producer and consumer together at the least possible expense or loss. Freight rates have been driven to the lowest possible point; the middlemen must be eliminated everywhere; the insurance against accidents must be made a nominal sum; doubts must be banished; speculation must be reduced to a minimum; exchange, always a tax upon the producer and consumer, must be in a common and universal measure of value and cost no more than a fair rate of interest for the use of the money involved; for that nation which is handicapped by the speculation incident to a different and varying measure of value will be distanced at the very start and doomed—a fact which is thoroughly understood and appreciated by every nation that has tried it and suffered from the ruinous disadvantages under which they labored. The latest to learn this lesson are Russia and Japan.

GOOD MONEY AND PRICES BEAR NO RELATION TO EACH OTHER.

Third. That the amount of good money per capita in circulation under normal conditions bears absolutely no relation to the price of articles except so far as the price may be affected through the rate of interest money commands and the sacrifices producers must make in selling their products under adverse conditions there is no longer any doubt.

COMPARISON OF PER CAPITA CIRCULATION.

By referring to the table it will be observed that France has nearly double the money per capita that England has, yet everyone knows who has inquired into the subject that almost every article you want to buy is cheaper in France than in England—just the very reverse of what the free-coinage advocate tells us would be true. Then there is Canada with only $9.32 per capita, about one-quarter of that of France, and yet things are much higher in Canada than in France. It will be found upon investigation that prices average about the same in all of the following countries, notwithstanding the great difference in the per capita circulation. Greece has only $7.36, about one-fifth of that of France; Norway $6.65, about one-sixth of that of France; and Sweden $2.79, or considerably less than one-twelfth of that of France. From these facts we must conclude that the condition, habits of the people,

and practices in the use of money, pass books, checks, drafts, and other devices determine the quantity they use, and that the quantity bears no relation whatever to prices.

NEITHER THE FREE COINAGE OF METALS, NOR MINES, NOR MINTS, NOR STAMPS UPON COINS BEAR ANY RELATION TO PER CAPITA CIRCULATION.

It is a most curious fact that the two countries which have the highest per capita circulation, having, respectively, the gold and silver standards, have neither gold nor silver mines, nor mints, nor coins even bearing their own stamp.

Hawaii is upon the gold standard with a limited legal tender of $10 extended to silver, but with neither mines, mints, nor coins, has accumulated $40 per capita in gold bearing the American eagle, and $10 per capita in silver, a few of which she had coined at the San Francisco mint.

The Straits Settlements, which is upon the silver standard, without mines, mints, or her own coins, has accumulated $63.68 per capita of Mexican dollars and subsidiary coins which were prepared by the London mint for the Hongkong market.

Peru has mined great quantities of silver for several hundred years, and its mints have been in existence for more than three hundred years, and it is estimated coined on an average 6,000,000 pesos per annum, or a total of over 1,800,000,000 (about $1,800,000,000 coin value). Yet Peru with this vast output, has been upon a paper basis at times, with no silver whatever in circulation. Although her paper money, after the Chilean war, became worthless and she adopted the silver standard, having soon found that the drain upon her resources because of the losses in exchange would drive her from the markets of the world, she has recently adopted the gold standard and prohibited the importation of silver coins.

Mexico, too, has been a marvelous producer of silver, and has eleven mints, which together, from 1537 to 1894, turned out $3,350,819,537, or a per capita circulation for her present population of $265; and although her annual coinage of silver exceeds $2 per capita, she has only $7.70 per capita in circulation.

Australasia, the second largest producer of gold in the world, turned out in 1895 $44,798,300, and coined in 1894 $35,203,648, or a production of $9 per capita and a coinage of $7 per capita in

a single year; and yet she has only $26.53 per capita of gold in circulation.

Russia, a large producer of gold, mining about thirty millions annually, has accumulated only $3.88 per capita, while neither Great Britain nor France has any gold mines to speak of (France having produced only $107,000 in 1895 and Great Britain none), yet have together $1,356,000,000 of gold coin, France having $20.10 per capita and Great Britain $14.86.

The United States illustrates this truth equally well, if, indeed, not more strikingly. Our production of gold from 1861 to 1879 amounted to $794,050,000, and our silver product amounted to $381,050,000, or a total of $1,175,700,000; and yet not a dollar of either circulated during this period, because of the local conditions then existing in the United States. Although the United States has produced upward of two billions of gold, or $300 per capita for our present population, we have in circulation only $9.35 per capita; and yet we have had our own mints and free coinage of gold from the beginning of the Government.

In the face of these facts, then, can anyone deny that the character and amount of money per capita in every country are determined solely by the local conditions under the operation of economic law, and that neither the gold nor silver mines nor mints control, or even bear the slightest relation to the amount of gold or silver in circulation.

Now let our friends who maintain that free coinage will give us more money explain these various facts and illustrate their contention by a single example.

This truth is further illustrated and established by the following tabulated statement, prepared by the Treasury Department and issued in Circular 123, pages 53, 54, which gives the per capita circulation in the United States since 1800:

Statement of the specie and bank-note circulation of the United States in

Year.	Number of banks and branches.	Estimated bank notes outstanding.
1800	----------	$10,500,000
1810	----------	28,000,000
1820	----------	44,800,000
1830	----------	61,000,000
1831	----------	77,000,000
1832	----------	91,500,000
1833	----------	91,500,000
1834	506	94,839,570
1835	704	103,692,495
1836	713	140,301,038
1837	788	149,185,890
1838	829	116,138,910
1839	840	135,170,995
1840	901	106,968,572
1841	784	107,290,214
1842	692	83,7 4,011
1843	691	58,563,608
1844	696	75,167,646
1845	707	89,608,711
1846	707	105,552,427
1847	715	105,519,766
1848	751	128,506,091
1849	782	114,743,415
1850	824	131,366,526
1851	879	155,165,251
1852	----------	171,673,000
1853	----------	188,181,000
1854	1,208	204,689,207
1855	1,307	186,952,223
1856	1,398	195,747,950
1857	1,416	214,778,822
1858	1,422	155,208,344
1859	1,476	193,306,818

2763

the years specified from 1800 to 1859, with amount of circulation per capita.

Estimated specie in United States.	Total money in United States.	Specie in Treasury.	Money in circulation.	Population.	Per capita.
$17,500,000	$28,000,000	*a* $1,500,000	$26,500,000	5,308,483	$4.99
30,000,000	58,000,000	*a* 3,000,000	55,000,000	7,239,881	7.60
24,300,000	69,100,000	*a* 2,000,000	67,100,000	9,633,822	6.96
32,100,000	93,100,000	5,755,705	87,344,295	12,866,020	6.69
32,100,000	109,100,000	6,014,540	93,085,460	13,221,000	7.04
30,400,000	121,900,000	4,502,914	117,397,036	13,590,000	8.64
30,650,000	122,150,000	2,011,778	120,138,222	13,974,000	8.60
41,000,000	135,839,570	11,702,905	124,136,665	14,373,000	8.64
51,000,000	154,692,495	8,892,858	145,799,637	14,786,000	9.86
65,000,000	205,301,038	*a* 5,000,000	200,301,038	15,213,000	13.17
73,000,000	222,185,890	*a* 5,000,000	217,185,890	15,655,000	13.87
87,500,000	203,638,910	*a* 5,000,000	198,638,910	16,112,000	12.33
87,000,000	222,170,995	2,466,962	219,704,033	16,584,000	13.26
83,000,000	189,968,572	3,663,084	186,305,488	17,069,453	10.91
80,000,000	187,290,214	987,345	186,302,869	17,591,000	10.59
80,000,000	163,734,011	230,484	163,503,527	18,132,000	9.02
90,000,000	148,563,608	1,449,472	147,114,136	18,694,000	7.87
100,000,000	175,167,646	7,857,380	167,310,266	19,276,000	8.68
96,000,000	185,608,711	7,658,306	177,950,405	19,878,000	8.95
97,000,000	202,552,427	9,126,439	193,425,988	20,500,000	9.43
120,000,000	225,519,766	1,701,251	223,818,515	21,143,000	10.59
112,000,000	240,506,091	8,101,353	232,404,738	21,805,000	10.66
120,000,000	234,743,415	2,184,964	232,558,451	22,489,000	10.34
154,000,000	285,366,526	6,604,544	278,761,982	23,191,876	12.02
186,000,000	341,165,251	10,911,646	330,253,605	23,995,000	13.76
204,000,000	375,673,000	14,632,136	361,040,864	24,802,000	14.63
236,000,000	424,181,000	21,942,893	402,238,107	25,615,000	15.80
241,000,000	445,689,207	20,137,967	425,551,240	26,433,000	16.10
250,000,000	436,952,223	18,931,976	418,020,247	27,256,000	15.34
250,000,000	445,747,950	19,901,325	425,846,625	28,083,000	15.16
260,000,000	474,778,822	17,710,114	457,068,708	28,916,000	15.81
260,000,000	415,208,344	6,398,316	408,810,028	29,753,000	13.78
250,000,000	443,306,818	4,339,276	438,967,542	30,596,000	14.35

a Specie in Treasury estimated.

Statement of the coin and paper circulation of the United States

Year.	Coin in United States, including bullion in Treasury.	Paper money in United States.
1860	$235,000,000	$207,102,477
1861	250,000,000	202,005,767
1862	25,000,000	333,452,079
1863	25,000,000	649,867,283
1864	25,000,000	680,588,067
1865	25,000,000	745,129,755
1866	25,000,000	729,327,254
1867	25,000,000	703,200,612
1868	25,000,000	691,553,578
1869	25,000,000	690,351,180
1870	25,000,000	697,868,461
1871	25,000,000	716,812,174
1872	25,000,000	737,721,565
1873	25,000,000	749,445,610
1874	25,000,000	781,024,781
1875	25,000,000	773,273,509
1876	52,418,734	738,264,550
1877	65,837,506	697,216,341
1878	102,047,907	689,205,669
1879	357,268,178	694,253,363
1880	494,363,884	711,565,313
1881	647,868,682	758,673,141
1882	703,974,839	776,556,880
1883	769,740,048	873,749,768
1884	801,068,939	904,385,250
1885	872,175,823	945,482,513
1886	903,027,304	905,532,390
1887	1,007,513,901	892,928,771
1888	1,092,391,690	970,564,259
1889	1,100,612,434	974,738,277
1890	1,152,471,638	991,754,521
1891	1,163,185,054	1,032,039,021
1892	1,232,854,331	1,139,745,170
1893	1,213,413,584	1,109,988,808
1894	1,251,543,158	1,168,891,623
1895	1,260,987,506	1,137,619,914
1896	1,225,618,792	1,120,012,536

NOTE 1.—Specie payments were suspended from January 1, 1862, to January 1, 1879. During the greater part of that period gold and silver coins were not in circulation except on the Pacific Coast, where, it is estimated, the specie circulation was generally about $25,000,000. This estimated amount is the only coin included in the above statement from 1862 to 1875, inclusive.

NOTE 2.—In 1876 subsidiary silver again came into use, and is included in this statement, beginning with that year.

2763

from 1860 to 1896, inclusive, with amount of circulation per capita.

Total money.	Coin, bullion, and paper mo ey in Treasury.	Circulation.	Population.	Money in United States per capita.	Circulation per capita.
$442,102.477	$6,695,225	$435.407,252	31,443,321	$14.06	*$13.85
452,005,767	3,600,000	448,405.767	32,064.000	14.09	13.98
358,452,079	23,754,335	334,697.744	32,704,000	10.96	10.23
674,867,283	79,473,245	595.394,038	33,365,000	20.23	17.84
705,588,067	35,945,589	669,641,478	34,046,000	20.72	19.67
770,129,755	55,426,760	714,702,995	34,748,000	22.16	20.57
754,327,254	80,839,010	673,488,244	35,469,000	21.27	18.99
728,200,612	66,208,543	661,992,069	36,211,000	20.11	18.28
716,553,578	36,449,917	680,103,661	36,973,000	19.38	18.39
715,351,180	50,898,289	664,452,891	37,756,000	18.95	17.60
722,868,461	47,655,667	675,212,794	38,558,371	18.73	17.50
741,812,174	25,923,169	715,889,005	39,555,000	18.75	18.10
762,721,565	24,412,016	738,309,549	40,596,000	18.70	18.19
774,445,610	22,563,801	751,881,809	41,677,000	18.58	18.04
806,024,781	29,941,750	776,083,031	42,795,000	18.83	18.13
798,273,509	44,171,562	754,101,947	43,951,000	18.16	17.16
790,683,284	63,073,896	727,609,388	45,137,000	17.52	16.12
763,053,847	40,738,964	722,314,883	46,353,000	16.46	15.58
791,253,576	62,120,942	729,132,634	47,598,000	16.62	15.32
1,051,521,541	232,889,748	818,631,793	48,866,000	21.52	16.75
1,205,929,197	232,546,969	973,382,228	50,155,783	24.04	19.41
1,406,541,823	292,303,704	1,114,238,119	51,316,000	27.41	21.71
1,480,531,719	306,241,300	1,174,290,419	52,495,000	28.20	22.37
1,643,489,816	413,184,120	1,230,305,696	53,693,000	30.60	22.91
1,705,454,189	461,528,220	1,243,925,969	54,911,000	31.05	22.65
1,817,658,33[illegible]	525,089,721	1,292,568,615	56,148,000	32.37	23.02
1,808,559,69[illegible]	555,859,169	1,252,700,525	57,404,000	31.50	21.82
1,900,442,672	582,903,529	1,317,539,143	58,680,000	32.39	22.45
2,062,955,949	690,785,079	1,372,170,870	59,974,000	34.39	22.88
2,075,350,71[illegible]	694,989,062	1,38[illegible],361,649	61,289,000	33.86	22.52
2,144,226,15[illegible]	714,974,88[illegible]	1,429,251,270	62,622,250	34.24	22.82
2,195,224,07[illegible]	697,783,36[illegible]	1,497,440,707	63,975,000	34.31	23.41
2,372,599,50[illegible]	771,252,314	1,601,347,187	65,520,000	36.21	24.44
2,323,402,39[illegible]	72[illegible],701,14[illegible]	1,596,701,24[illegible]	66,946,000	34.70	23.85
2,420,434,781	759,626,07[illegible]	1,660,808,70[illegible]	68,397,000	35.39	24.28
2,398,607,42[illegible]	796,658,947	1,601,968,475	69,878,000	34.33	22.93
2,345,631,3[illegible]	839,000,30[illegible]	1,506,631,02	71,390,000	32.86	21.10

NOTE 3.—The coinage of standard silver dollars began in 1878, under the act of February 28, 1878.

NOTE 4.—Specie payments were resumed January 1, 1879, and all gold and silver coins, as well as gold and silver bullion in the Treasury, are included in this statement from and after that date.

NOTE 5.—This table represents the circulation of the United States as shown by the revised statements of the Treasury Department for June 30 of each of the years specified.

CIRCULATION IN UNITED STATES AT DIFFERENT PERIODS COMPARED WITH PRICES.

Although prices were high during the first years of the century, our per capita circulation was about $5. While prices fell very much about 1840, our per capita circulation had doubled. Again, if the circulation from 1862 to 1878 be reduced to the gold standard, the result would be as follows:

1862	9.03	1871	16.19
1863	12.29	1872	16.18
1864	9.67	1873	15.85
1865	13.08	1874	16.29
1866	13.48	1875	14.92
1867	13.23	1876	14.47
1868	13.16	1877	15.19
1869	13.23	1878	15.19
1870	15.22		

It will be observed that there is about 50 per cent more money in circulation per capita to-day than in 1873, and yet average prices were about 20 per cent higher in 1873 than they are to-day, making a divergence of about 70 per cent—just the reverse of what the free-silver advocate tells us.

CIRCULATION IN DIFFERENT SECTIONS OF THE UNITED STATES TO-DAY COMPARED WITH PRICES.

Finally, let us compare the present monetary conditions of some of our States in different sections of the country:

State.	Capital.	Surplus.	Deposits.	Population.	Capital, surplus, and deposits per capita.
Rhode Island	$19,947,000	$6,237,000	$36,510,000	345,000	$129.37
New York	555,519,000	206,256,000	1,869,343,000	5,998,000	438.66
North Carolina	5,394,000	1,087,000	10,613,000	1,618,000	10.56
Mississippi	3,518,000	715,000	9,560,000	1,290,000	10.69
Arkansas	5,154,000	856,000	8,313,000	1,128,000	12.69
South Dakota	4,486,000	715,000	8,194,000	329,000	40.71
Washington	17,388,000	4,231,000	19,144,000	350,000	116.46

The actual money per capita would probably not exceed 20 per cent of the capital, surplus, and deposits, or 25.87 for Rhode Island; 87.732 for New York; 2.11 for North Carolina; 2.13 for Mississippi; 2.53 for Arkansas; 8.14 for South Dakota, and 23.29 for Washington.

It must be admitted by every candid man that if there were any relation between the per capita circulation and prices everything in Rhode Island would be 12 and everything in New York 43 times higher than in North Carolina or Mississippi, although

as a matter of fact a vast amount of manufactures are shipped to the two latter States, while their products in turn are higher in the Eastern States, to which they are sent for a market.

So we find, both in comparing the different nations of the earth, taking our own history for a hundred years and the relative conditions of our several States to-day, there is absolutely no relation between the amount of money in circulation and prices.

THE POORER OR CHEAPER PIECE OF METAL WILL ALWAYS DRIVE OUT THE BETTER OR DEARER.

Fourth. There is no country to-day with the free coinage of gold and silver that is not upon a silver basis exclusively, with no gold whatever in circulation.

Fifth. There has never been a time anywhere in the world when free coinage was given to two metals that they circulated side by side evenly, neither displacing the other, but on the contrary the invariable result has been, without a single exception, that the so-called bimetallism brought about absolute monometallism—the use of that dollar only which was made of the cheaper quantity of metal.

W. A. Shaw, in his History of Currency, page 178, says:

The second idea which is commonly entertained with regard to the action of France during this later period, viz, that her action secured for the world at large a fixed and steady ratio, is equally—indeed, still more—fallacious. At no point of time during the present century has the actual market ratio, dependent on the commercial value of silver, corresponded with the French ratio of 15½ and at no point of time has France been free from the disastrous influence of that want of correspondence between the legal and the commercial ratio. The opposite notion, which prevails and finds expression in the ephemeral bimetallic literature of to-day, is simply due to ignorance.

NATURAL, NOT COINAGE, LAWS DETERMINE THE RELATIVE VALUE OF METALS.

One might pertinently inquire if the attempt on the part of France to maintain a parity after 1803 had the tendency of bringing the commercial and legal ratio of gold and silver together, although they never remained together for a day, what was it that kept them just as nearly together for two hundred years prior to 1803? Is it not evident that what she attempted to do had absolutely no influence whatever upon the commercial value of either metal?

METAL BASIS OF GOLD AND SILVER COUNTRIES COMPARED.

Sixth. By referring to the above table and carefully comparing the seven silver countries, which are the most inferior in com-

merce and civilization, with the twenty-seven gold-standard countries, which contain all the leading nations of the world, it will be found that the metal basis in value and per capita circulation of the gold-standard countries is incomparably broader than the basis of the silver-standard countries. Therefore when we are regaled with the fears of the bimetallist that there will not be base enough for the commerce of the world in the use of gold alone, it is to be observed that it is physically impossible to have two bases, and as between the two, gold has proven incomparably the broader and better base, and up to the present time has been found in sufficient quantity to meet every commercial burden or demand laid upon it, and proven itself to be peculiarly suited to meet all of the requirements of trade and the financial systems of the entire world, always keeping pace with its gradually increasing use.

PRODUCERS SWINDLED THROUGH THE SILVER STANDARD.

It is also certain that whenever we have left the gold standard or trifled with it, we have gravitated certainly and irresistibly to a lower standard—silver or paper—and thereby been thrown out of joint with all the rest of the commercial world, and have been compelled to pay enormously for the privilege of doing business upon any other standard on account of the speculation in exchange. It is not too much to say that on our approximate two billion of foreign business there would be a loss of at least $250,000,000 which our producers would have to bear, while all our domestic commerce would be subjected to the jugglery of the middlemen, and the producers of this country would be robbed right and left under the pretense of a risk that silver might fall. Facing these incontrovertible facts, can any candid man of intellect, common sense, and patriotic inspiration find one single reason why we should hesitate for a moment about our policy?

What we want above all things is an unequivocal standard of value, the standard of the civilized world, and a system of currency constantly redeemable in that standard, and one which will respond to trade everywhere and at all seasons of the year, insuring low rates of interest, equal privileges, and equal justice everywhere. Free coinage will not bring a single one of these things, but in their stead doubt, disaster, losses, and ruin incomprehensible.

2763

HAS THE SELECTION OF THE GOLD STANDARD WORKED INJUSTICE.

But has the selection of the gold standard by all the civilized world resulted in injustice to the people or any part of them? If so, that injustice should be righted.

If, however, some have suffered by the adoption of the gold standard only as others have suffered in all countries and all ages on account of some important discovery or process which has benefited the great mass of the people, relief should not be demanded or expected.

It is claimed by some that gold has appreciated and is appreciating to-day, and because of this fact, and just in proportion to that appreciation, the debtor, who must pay his obligations in gold values, is injured. If there has been any appreciation in the value of gold then it is true that, to the extent of such appreciation during the time the debt of any individual has been running, such debtor has been injured.

LIFE OF BANK LOANS.

But the average length of bank loans does not exceed sixty days, and no one will contend that there ever has been such an appreciation in that length of time, at least that any man can estimate it if there has been any; therefore all bank loans may be dismissed from any further consideration.

LIFE OF REAL ESTATE LOANS.

The average life of loans upon real estate, farms, and city property is approximately about three years. Now, can anyone say that gold has appreciated during any given three years to an appreciable degree? If so, in what three years?

GOLD APPRECIATION OR DEPRECIATION.

How shall this question of appreciation of gold be tested? Certainly all will agree that the most reliable standard is human labor. Measured by this standard, has gold risen or fallen? That is the question. According to the Senate report called the Aldrich report, it will be discovered that wages, measured in gold, have more than doubled since 1840. For the information of those desiring to know the exact and whole truth with regard to this question. I submit the following table, found on page 176, volume 3, of that most exhaustive, comprehensive, and valuable report ever made upon the subject of wages, prices, and transportation:

WAGES FOR FIFTY YEARS.

Relative wages in all occupations, 1840-1891, grouped by different methods.

Year.	Simple average.	Average according to importance.
1840	87.7	82.5
1841	88	79.9
1842	87.1	84.1
1843	86.6	83
1844	88.5	83.2
1845	86.8	85.7
1846	89.3	89.1
1847	90.8	91.3
1848	91.4	91.6
1849	92.5	90.5
1850	92.7	90.9
1851	90.4	91.1
1852	90.8	91.8
1853	91.8	93.2
1854	95.8	95.8
1855	98	97.5
1856	99.2	98
1857	99.9	99.2
1858	98.5	97.9
1859	99.1	99.7
1860	100	100
1861	100.8	100.7
1862	102.9	103.7
1863	110.5	118.7
1864	125.6	134
1865	143.1	148.6
1866	152.4	155.6
1867	157.6	164
1868	159.6	164.9
1869	162	167.4
1870	162.2	167.1
1871	163.6	166.4
1872	166	167.1
1873	167.1	166.1
1874	161.5	162.5
1875	158.4	158
1876	152.5	151.4
1877	144.9	143.8
1878	142.5	140.9
1879	139.9	139.4
1880	141.5	143
1881	146.5	150.7
1882	149.9	152.9
1883	152.7	159.2
1884	152.7	155.1
1885	150.7	155.9
1886	150.9	155.8
1887	153.7	156.6
1888	155.4	157.9
1889	156.7	162.9
1890	158.9	168.2
1891	160.7	168.6

Premium on gold and gold value of United States legal-tender notes from 1862 to January 1, 1879.

Year.	Average currency value of gold each calendar year during suspension of specie payments, Jan. 1, 1862, to Jan. 1, 1879.	Average gold value of United States notes each calendar year during suspension of specie payments, Jan. 1, 1862, to Jan. 1, 1879.	Year.	Average currency value of gold each calendar year during suspension of specie payments, Jan. 1, 1862, to Jan. 1, 1879.	Average gold value of United States notes each calendar year during suspension of specie payments, Jan. 1, 1862, to Jan. 1, 1879.
1862	113.3	88.3	1871	111.7	89.5
1863	145.2	68.9	1872	112.4	89
1864	103.3	49.2	1873	113.8	87.9
1865	157.3	63.6	1874	111.2	89.9
1866	140.9	71	1875	114.9	87
1867	138.2	72.4	1876	111.5	89.8
1868	130.7	71.6	1877	104.8	85.4
1869	133	75.2	1878	108	99.2
1870	114.9	87			

APPRECIATION TESTED BY WAGES.

When it is recalled that these are the wages in currency from 1862 to 1878 it will be found upon examination that while wages appear in the table to have been about as high in 1873 as 1891, they were in fact lower by 12 per cent, or were only $1.46. When account is taken of the disturbance of both wages and prices caused by the war it will be found that from 1840 to 1892 there was a constant gain in wages paid in gold, and when the statistics for 1892 have been gathered it will be found that the average wages paid that year will approximate $1.75 per day, the highest ever paid to man, and that, too, in the best money in the world.

GOLD FALLEN ONE-HALF, OR WAGES DOUBLED SINCE 1840.

The inevitable conclusion from these facts is that either wages have more than doubled since 1840 or gold has fallen or depreciated one-half in value.

Again, let us test the question of appreciation of gold by a comparison of charges for its use. We all know that any commodity falls when abundant as compared with the demand and rises when scarce in comparison with the demand.

APPRECIATION TESTED BY THE INTEREST ON GOVERNMENT BONDS.

Gold was scarce and dear during the war, the rate of interest paid in currency being more than 15 per cent at times. To-day the Government could borrow gold at 2 per cent per annum if

there were no doubt whatever about its repayment, as is evidenced by the fact that it can fund its entire debt into a 2 per cent gold bond because that very act would forever settle our standard of value. Therefore gold must be abundant and cheap to-day as compared with 1873, when it cost more than three times as much per annum for its use, the rate of interest in gold then being more than 6 per cent per annum. It will be noted that the advocates of free silver, when discussing this question of appreciation, never go back of 1873 nor deal with wages, the most reliable test, nor the rate of interest, but force upon the public view the curse of falling prices—just as though anything could be too cheap in normal conditions when you want to buy!

WHY SILVER HAS FALLEN MORE THAN GOLD.

Gold has varied much less in value than silver because it more nearly represents human toil as distinguished from mechanical or chemical processes.

This truth is illustrated by the fact that while about 80 per cent of all the gold now produced is obtained from free ores, about 90 per cent of the silver is produced from refractory ores, or as a bi-product of other metals.

The improved methods of treating low grade silver ores, which have been rendered available by the construction of the trans-continental railroads, has given a downward tendency to the prices of silver which will not stop until the mines of Mexico and South America have been brought within easy reach of smelters by transportation lines, and the commercial uses of silver have been determined.

The present probabilities are that the price of silver will continue to decline until it reaches about 25 cents per ounce, or a ratio of about 80 to 1 of gold.

THE REAL BATTLE OF MATERIAL CIVILIZATION.

Right here is the real and the whole battle of material civilization, whether the producer on the farm or in the factory shall get more and more for his labor—that is, be able to buy with the proceeds of his toil more and more of the necessaries and comforts of life. It follows, therefore, that higher wages are in inevitable, constant, and eternal conflict with cheaper products. But every human faculty, every human endeavor, and all legislative power

are set in motion to cheapen every factor that goes to make up the things we all want to buy, for nothing is cheap enough when we are buying, although everything is too cheap when we are selling. The farmer does not complain because his implements, which cost him only one-third of what they did twenty years ago, are now too cheap. The mechanic is not complaining because he can buy his Sunday suit of clothes for less than one-half of what it cost him twenty years ago.

ARE LOW PRICES A CURSE?

Are low prices a curse, then? They may be, but only when they are produced at the same or an increasing expenditure of human labor. When the necessaries of life are produced at a lower cost of human toil, they are to that extent and must be a greater blessing to the human race.

Therefore, if the prices of 1891 were about what they were in 1840, notwithstanding the almost incalculable advantage in new processes, inventions, discoveries, methods, and means of transportation, with wages more than double what they were then, the American people of all classes have certainly gained enormously in the struggle of life, and have moved upward and onward in the march of civilization.

That my candid readers who are seeking to know the whole truth about this matter may be fully informed, I herewith submit tabulated statements found upon pages 100, 106, and 107, volume 3, of the Senate Report on Prices, Wages, and Transportation.

Again, taking 1840 as a starting point and 100 as a basis, comparison is made for fifty-two years.

TABLE 33.—*Relative prices of agricul-*

Year.	Barley.	Clover seed.	Corn.	Cotton, upland, middling.	Flax-seed.	Hemp, rough.	Hides.
1840	83.1	173.3	85.1	83.2	74.5	88	88
1841	88.3	96.7	103.3	85.5	82.2	148	93.5
1842	70.8	100	85.1	68.2	68.6	80	70.8
1843	71.4	55.2	74.9	78.6	72.2	64	58.1
1844	73.4	141.3	71.3	55.5	83.8	56	63.2
1845	77.3	88.3	83.6	70.5	95.4	56	70.3
1846	81.2	110	--------	85.5	67	50.4	57.3
1847	90.9	98.3	96.7	107.5	68.4	88	50.1
1848	100	101.8	112	62.4	77.6	92	45.5
1849	81.2	83.3	93.8	97.1	80.9	108	51
1850	101.9	86.7	95.3	129.5	106.8	80	64.2
1851	103.9	118.3	90.9	84.4	87.5	72	70.7
1852	98.7	120	102.5	93.6	84.6	76	76.8
1853	109.1	133.9	120.4	98.8	96.4	--------	75.7
1854	151	116.4	109.8	86.1	121	120	76.3
1855	162.3	135.2	125.5	91.3	123.1	124	95.7
1856	161	180.3	99.6	113.3	140.1	144	121.4
1857	116.9	176	102.2	143.4	90.7	100	112.1
1858	142.9	115.3	104	123.7	111.2	88	109.1
1859	111.7	120	133.8	106.4	98.9	100	108.9
1860	100	100	100	100	100	--------	100
1861	84.4	99.4	79.3	198.8	88.8	56	100
1862	77.3	112.1	86.5	522.5	121	84	118.2
1863	168.8	123	126.2	781.5	196.3	108	130.5
1864	240.3	176.1	229.8	1,119.1	220.1	--------	136.8
1865	165.6	326.1	132.4	453.2	223.9	188	99.3
1866	181.8	130	138.2	365.3	232.8	240	101.8
1867	191.6	226.6	192.7	198.8	191.8	--------	109.9
1868	150	154.1	164.4	247.4	205.3	160	119.3
1869	178.6	209.3	141.1	254.3	176.3	156	124.7
1870	142.9	199	126.5	156.1	154.8	176	119.1
1871	120.1	134.7	110.5	182.7	136.3	120	124.6
1872	136.4	124	93.8	173.4	135.4	84	134.1
1873	178.6	114.3	97.1	169.9	143.4	96	128.2
1874	152.6	139.9	139.3	143.4	146.1	128	121
1875	149.4	151.4	96.4	121.4	117.2	116	110
1876	128.2	225.6	82.5	101.7	97.8	88	98.8
1877	110.4	200.9	84.7	102.9	102	100	114.3
1878	146.1	98.1	70.7	99.4	111.9	76	111.9
1879	129.9	84.7	76.4	96	97.8	80	109.8
1880	116.9	90.3	75.4	106.4	97.9	104	120.6
1881	149.4	112.1	109.3	109.2	104.9	96	115.7
1882	122.1	107.5	100.7	105.8	94.3	84	114.6
1883	--------	187.3	90.2	98.3	107.1	88	103.1
1884	110.4	139.9	89.5	93.6	107.1	88	105.7
1885	100	114.4	71.5	93.1	96.3	140	104.5
1886	103.9	140.2	68.1	87.9	89.7	108	99.3
1887	102.6	97.3	75.1	87.9	87.9	92	98.4
1888	110.4	90.5	75.1	96.5	112	76	90
1889	89.3	115.1	57.8	100.6	110.8	96	74.8
1890	101	73.5	81.7	96	127.3	104	80.1
1891	92.9	104.8	89.1	80.3	82.8	92	70

tural products—individual products.

Meat.			Oats.	Rye.	Timothy seed.	Tobacco.	Wheat.	General average.
Beeves.	Hogs.	Sheep.						
65.8	50.5	--------	102	79.6	82.8	94.1	72.8	87.3
60.5	54.8	--------	126.8	89.2	98.3	91.2	61.6	91.4
57.9	53.3	--------	70.6	75.8	66.2	55.9	95.6	72.8
66.2	43.5	40	69.9	80.3	88.4	58.8	56.3	65.2
57.9	59.8	--------	86.3	84.7	68.4	58.5	70.2	73
82.8	61	--------	105.9	87.3	81.6	60.3	71.2	78.1
89.4	61.7	--------	100.7	100.6	76.6	57.4	92.2	79.2
98.9	75.9	46	142.5	108.3	87	69.1	81.4	100.6
86.9	65.5	--------	89.5	87.9	101.4	61.8	88.3	83.8
83.1	53.2	--------	94.1	76.4	107	79.4	78.3	83.3
97.2	61.8	--------	111.1	86.9	120	102.9	76.4	94.3
118.9	68.2	90	104.6	86.9	117.2	103.1	70.2	92.5
134	91.2	80	118.3	109.6	99.2	73.5	64.2	94.8
114.3	92.4	100	127 5	115.3	86.3	76.8	81.7	102
123.2	73.7	120	132.7	152.9	125.7	78.5	122	114
111.5	102.6	120	117.6	147.8	125.6	73.7	152.4	120.6
103.5	92	--------	117.6	108.3	133.8	124.1	131.2	126.4
114.2	104.9	--------	117.6	89.2	122.6	174.4	107	119.4
96.3	74.2	--------	134.6	101.9	78.1	134.4	76.2	106.4
99.1	82.1	66	108.5	103.8	97.5	100.7	96.6	102.3
100	100	100	100	100	100	100	100	100
93.9	56	85.3	90.2	87.3	67.8	95.3	92.3	91.7
91.4	58.7	127.4	150.3	80.3	71.9	186.9	86.7	131.7
110.3	61.7	137.4	183.7	138.5	103.4	178.3	101.2	176.6
192.3	186.3	196.2	227.5	184.5	211.6	200.2	116.4	259.8
212.9	218.4	174.3	156.9	127.4	174.6	125.8	140.5	194.6
202	166.1	151	149	159.2	134.1	107.7	115.9	171.7
174.7	110.3	139.8	198.7	204.5	109.4	137.9	213.4	171.4
158.6	150.4	115.7	189.5	191.1	127.1	166.5	193	172.8
179	155.8	126.8	167.3	148.4	133	168	119.1	162.4
161	134.3	124.8	139.9	114.6	212.2	158.1	84.7	146.9
143.2	77.1	119.8	138.6	118.5	124	187.5	118.2	130.4
157	80.6	156.7	115	108.3	139.4	181	118.5	129.2
137.6	77.2	127.2	136.6	113.4	124.2	215.5	130.3	132.6
147.4	103.3	147.2	158.8	119.7	114.5	180.2	121.5	137.5
154.3	133.2	146.9	117.6	114.6	107	160.8	94.6	126.1
128.6	97.4	137.2	112.4	104.5	76.7	145.7	101.3	115.1
118	86.8	131.2	88.9	94.9	58.7	148.9	117.2	110.7
114.1	60.8	116.5	75.8	82.2	73.9	137.4	106.6	98.8
124.8	63	121.5	94.1	101.9	92.6	119.3	84.2	98.4
128.3	83.6	137.5	110.1	122.3	105.1	137.8	112.3	109.9
155.3	105.8	149	119.6	140.8	121.7	134.4	93.3	121.1
168.8	134.4	137.4	103.4	101.3	83.8	141.1	116.4	114.4
154.3	82	126.6	92	92.4	56.3	138.2	88.8	100.3
160.1	83.6	126.5	81.5	88.2	60.2	152.6	83.5	104.7
136.2	68.3	118.3	86.6	79	76.3	122.3	71.1	93.9
129.1	74.8	124.7	93.5	70.1	83.1	100.6	74	96.5
124.5	81.2	121.6	92.6	70.1	96.9	122.5	73.6	94.9
140.7	100.8	125.9	78.1	83.4	75	110.8	71	95.7
111.2	74.7	140.5	68.3	63.7	58.5	122.2	86	91.3
121	70	139	114.7	87.9	58.9	129.8	70.8	97.4
138.1	79.3	137.8	86.6	123.6	51.4	140	87.7	97.1

For the total number of these articles gold prices were calculated.

TABLE 30.—*Relative prices in each year, 1840–1891, in gold, for all (223) articles, grouped by different methods.*

Year.	All articles simply averaged.	All articles averaged according to importance, certain expenditures being considered uniform.	All articles averaged according to importance, comprising 68.60 per cent of total expenditures.
1840	116.8	98.5	97.7
1841	115.8	98.7	98.1
1842	107.8	90.1	90.1
1843	101.5	89.3	84.3
1844	101.9	89.8	85
1845	102.8	92.1	88.2
1846	106.4	96.7	95.2
1847	106.5	96.7	95.2
1848	101.4	92	88.3
1849	98.7	88.9	83.5
1850	102.3	92.6	89.2
1851	105.9	99.1	98.6
1852	102.7	98.5	97.9
1853	109.1	103.4	105.5
1854	112.9	103.4	105
1855	113.1	106.3	109.2
1856	113.2	108.5	112.3
1857	112.5	109.6	114
1858	101.8	109.1	113.2
1859	100.2	102	102.9
1860	100	100	100
1861	100.6	95.9	94.1
1862	114.9	100.3	101.6
1863	102.4	84.1	91.1
1864	122.5	96.1	110.7
1865	100.3	88.2	107.4
1866	136.3	114.3	134
1867	127.9	107.9	123.2
1868	115.9	108.8	125.6
1869	113.2	100.2	112.3
1870	117.3	107.5	119
1871	122.9	112.7	122.9
1872	127.2	112	121.4
1873	122	106.4	114.5
1874	119.4	108.2	116.6
1875	113.4	106.5	114.6
1876	104.8	102.4	108.7
1877	104.4	103	107
1878	99.9	101.7	103.2
1879	96.6	96.6	95
1880	106.9	103.4	104.9
1881	105.7	105.8	108.4
1882	108.5	106.3	109.1
1883	106	104.5	106.6
1884	99.4	101.8	102.6
1885	93	95.4	93.3
1886	91.9	95.5	93.4
1887	92.6	96.2	94.5
1888	94.2	97.4	96.2
1889	94.2	99	98.5
1890	92.3	95.7	93.4
1891	92.2	96.2	94.7

Relative prices by five-year periods, 1840–1891, for all articles grouped by different methods.

Periods.	All articles simply averaged.	All articles averaged according to importance, certain expenditures being considered uniform.	All articles averaged according to importance, comprising 68.60 per cent of total expenditures.
1840–44	108.8	93.9	91
1845–49	103.2	93.3	90.1
1850–54	106.6	99.4	99.1
1855–59	108.2	107.1	110.3
1860–64	131.5	114	120.5
1865–69	178.8	156.5	182.4
1870–74	137.5	123.6	134.4
1875–79	110.9	108.9	112.9
1880–84	105.3	104.4	106.3
1885–89	93.2	95.7	95.2
1890–91	92.3	96	94.1

FARM PRODUCTS LOWER IN 1840 THAN 1891.

To ascertain what the prices were in gold from 1862 to 1878, in table 35, reference should be had to the table already referred to on page 109. The average price to the farmer on these fifteen products for the first eight years—1840 to 1847, inclusive—was 69.6, while the average price for the same fifteen products for the last eight years—1884 to 1891—was 96.4, or more than 38 per cent higher during the last eight years than the former.

SILVER AND CROPS BEAR NO RELATION TO EACH OTHER.

When due consideration is given to the resources and facilities of the farmers to-day as compared with 1840, it can be demonstrated that each man can accomplish twice as much, which is equivalent to doubling the prices of his products. We are constantly told, you will remember, by the advocates of free coinage, that prices of crops and silver always rise and fall together, but when we recall the fact that silver was $1.32 per ounce in 1840, 98 cents in 1891, and is only 63 cents to-day, we must be convinced that such a statement has not a scintilla of evidence upon which to rest.

It will be admitted, for the sake of argument, that prices have fallen some since 1873, but not so rapidly as prior to that time, as evidenced by the foregoing table, although silver did not fall at all from 1864 to 1873, the period of greatest fall in prices.

It remains to observe in this connection what caused the low prices from 1840 to 1845, the high prices from 1853 to 1873, the low prices from 1885 to 1891, and the still lower prices from 1893 to 1896.

LOW PRICES OF 1840 EXPLAINED.

At the close of the Napoleonic wars in 1815 commenced that long peace, during which the working force of the world recuperated for a quarter of a century and turned its entire attention and energy to the production of those things that were needed by mankind, and so successful were they in every endeavor that they made it possible to obtain the necessaries of life at lower prices than the world had ever before enjoyed.

HIGH PRICES OF 1853 TO 1883 EXPLAINED.

Then came in rapid succession those military events which called the men from the shop and the field and converted the great producing army of the world into an army of wasteful consumers and actual destroyers of property of every kind. The war with Mexico raised prices about 25 per cent. Then followed the revolution in Germany, the French Revolution, the Crimea, the war of Napoleon III to make Italy "free from the Alps to the sea," the Franco-English expedition against China, the great rebellion in the United States, the conquest of Mexico by Napoleon III, the Franco-Prussian war, the era closing with the Turko-Russian war in 1877. Since then the world has been following exclusively the arts of peace and the human family has been unremittingly devoting itself to the production of the necessaries of life, and has been assisted in this effort by the most marvelous discoveries and inventions in the history of mankind. The result was that prices of everything except labor continued to fall in a normal and natural way, as they should, down to 1892, when the prices of 223 articles in most common use again reached about the same level of 1840, as indicated in the tabulated statement No. 30, from page 100, volume 3, Senate report on prices, wages, and transportation. (See page 114.)

RETROSPECT OF THE CENTURY.

Before considering the period between 1892 and 1897, let us look backward for a moment from 1892 over the history of the United States and consider how, if in any way, the fall of prices could

have been prevented, and how now the exchangeable value of the products of the United States can be increased. Certainly no one will deny that the period between 1879 and 1892 was not only the most prosperous in the history of our own country, but the most marvelous in development and advancement ever experienced by any people in the history of the world.

HOW TO PREVENT PRICES FROM FALLING.

In the light of the past, then, the exchangeable value of the products of labor could only have been kept from falling from 1873 to 1892 in the following ways:

First. By the perceptible increase in the wages of the producers of the 223 articles covered by the above tabulated statement.

Second. By a disuse or destruction of a very considerable number of those methods and processes by which all the necessaries of life have been greatly cheapened.

Third. By setting one-half of the human family to killing the other half and destroying and wasting a considerable portion of the accumulated property now contributing to the convenience and comfort of mankind.

But will any of the advocates of higher prices urge the adoption of either of the last two methods? Certainly no one will withhold his hopes that the first may continue to gain until the equitable adjustment of labor and capital is reached.

1840–1850 AND 1880–1890 COMPARED.

When one compares the prices from 1840 to 1850 with the prices from 1885 to 1891 and finds that they are upon identically the same level, he wonders, in the face of all recent discoveries, inventions, methods, and processes, including the use of steam and electricity, why prices have not fallen to at least one-half what they were in the earlier period; and, indeed, they would have done so but for the simple reason that as rapidly as advantages have been gained in facilities in production wages have constantly risen until now, as we have seen, they are double what they were in 1840.

Certainly no frank and careful investigator will claim that he can discover the slightest trace of the effect caused by silver legislation upon the affairs of this country between the years 1840 and 1891.

It remains, therefore, only to inquire into the events since 1892 and ascertain the causes of our misfortunes, study the sources of our ills, and clearly determine the factors that have produced the long-to-be-remembered crisis of 1893 and mark the reasons for its painful continuance.

SPECULATION BEGAN IN 1884 AND ENDED IN PANIC IN 1893.

Beginning with 1884, simultaneously with the same movement in nearly all parts of the civilized world, our people entered a speculative era which terminated in the panic of 1893.

THE CAUSES OF THE PRESENT CRISIS.

During these nine years the spirit of speculation crept over every section and into every locality of the land, firing the gambling instinct of the people with that false philosophy that something can be made out of nothing. The result was that all classes invested their fortunes or earnings or the proceeds of mortgages upon their homes in the construction bonds or stocks of railroads, street-car lines, gas companies, or bought lots cut out of farms surrounding every city and village in the land, until all our ready money was consumed in nonproductive investments. Finally every man became frightened at his neighbor's condition, credit was universally exhausted, and forced liquidation began and has been going on steadily ever since.

FREE SILVER WILL NOT ERADICATE THE GAMBLING INSTINCT.

Certainly no one will claim that the free coinage of silver will in the slightest degree relieve this situation nor eradicate the instinct that makes the whole human family gamblers at times.

NATIONAL CREDIT IS STRAINED.

While individual credit was becoming exhausted, unfortunately for our nation and our people, the Government was laying a breaking strain upon its credit by increasing its demand obligations at the rate of fifty millions a year, without increasing its reserve to the extent of a single dollar, until we exhibited to the world the pitiable spectacle of having more than a thousand million demand obligations out and but a paltry one hundred million to protect it, which in more conservative days we thought necessary to protect only $346,000,000 of United States notes.

FREE COINAGE WILL NOT STRENGTHEN THE CREDIT OF THE NATION.

Certainly the advocate of free coinage will not claim that the credit of the Government would have been strengthened by an unlimited amount of the very thing that was fast carrying us on to repudiation?

Weakened by the expenditures of all the cash accounts of the people and the exhaustion of personal credit, and with our national credit strained to the breaking point, we were in no condition to bear the suspicion that this nation might construe the word "coin" to mean silver as well as gold, thereby compelling our creditors—indeed, all creditors—to accept 50 cents of value as a full payment for 100 cents of obligation. This was the logical and inevitable result of the free coinage of silver; hence its agitation and accomplishment would not only not have relieved us, but plunged us still deeper into commercial trouble and made our financial ruin complete.

FREE COINAGE WILL NOT PRODUCE REVENUE NOR LESSEN EXPENDITURES.

Notwithstanding this combination of untoward circumstances, which called for the highest order of statesmanship and financial skill, little or no thought was given to the real problem calling for immediate solution. But the legislative department of the Government enacted a law that, either because of what it promised, threatened, or did actually do in failing to produce sufficient revenue to support the Government by an average of about fifty millions a year for four consecutive years, brought this, the wealthiest and most powerful nation of the world, to the very verge of bankruptcy, dishonor, and eternal shame. Now, it can scarcely be believed by anyone that the free coinage of silver would, on the one hand, have increased our revenues to the extent of a single cent, to say nothing of $200,000,000, nor reduced our expenditures a single cent, to say nothing of $200,000,000.

These were the positive, direct, and incidental causes that led to the crisis of 1893, which has been protracted by unnecessary war cries and the persistent demand of a portion of our people that the Government of the United States offer its people in the redemption of its obligations a dollar that could not exceed 50 cents in actual value.

ACUTE LIQUIDATION WAS NOT RELIEVED BY A PROPER CURRENCY SYSTEM.

Severe as has been the strain, difficult as has been our problem, complicated as has been the situation, unfortunately our currency system has not been such as to assist in relieving us in the slightest degree from the consequences of acute liquidation, but on the other hand actually precipitated it with all its disastrous results.

FREE COINAGE WILL NOT GIVE US AN ELASTIC CURRENCY.

Now, no one who is at all familiar with the science of exchange will claim that the free coinage of silver would have furnished the one essential element—a responsive and elastic currency—which might and probably would have saved us from the shock of panic and prevented the waste and destruction in values that necessarily follows a change from a credit to a cash basis. Herein lies the secret and full explanation of the ruinous prices of the past four years, and therefore no student of a judicial temperament will attempt to draw any inference from these abnormal times upon which to base a course of reasoning that he can apply to natural conditions.

IF HIGHER PRICES IS THE ONLY OBJECT WE SHOULD START THE PAPER MILLS AND PRINTING PRESSES.

From this review of nearly sixty years of our history we are justified in concluding that not a single theory advanced by the advocate of free coinage is substantiated by facts established by our own experience or those of the world, and are compelled to say that if with given wages higher and higher prices are desirable without regard to an increased exchangeable value of the products of labor the United States would be unwise in stopping at any form of metal money, and should at once resort to the paper mill and printing presses.

WHAT IS MATERIAL CIVILIZATION.

If, on the other hand, the purpose of this commercial struggle and material civilization is to give greater and greater purchasing power to a day's labor, so that every home may have more and more of the comforts of life, and instead of our present necessaries becoming luxuries many present luxuries may become and be regarded as necessaries, greater purchasing power should be given to every day's labor, the whole world should continue in the arts of

peace, and we should welcome every discovery and process that would tend to lessen the cost of those things that make life worth living.

THE TWENTIETH CENTURY WILL OPEN WITH THE FIRST REAL BATTLE FOR COMMERCIAL SUPREMACY.

The twentieth century will open with the first really great battle for the commercial supremacy of the world. With what arms shall we enter the fight? Shall we depend upon bows and arrows while our competitors arm with the most approved muskets? Shall we depend upon the old wooden hull, with its white wings stretching out from the mast waiting patiently for a favorable wind, while other competitors traverse the sea in steel-clad greyhounds? Shall we subject every producer of the United States to an unequal contest by the adoption of a measure of value that will suffer a discount at every turn in every market of the world, when this trade contest is to be settled by a one-quarter, one-eighth, one-sixteenth, or one thirty-second of a cent?

THE DISADVANTAGE IN EXCHANGE ALONE MEANS FAILURE.

The certain disaster that is sure to follow the disadvantage in exchange alone by a country using a different measure of value from the great commercial nations of the world has been so keenly felt that Japan and Russia, the only two remaining silver-standard countries where the light of civilization has begun to dawn and the energizing thrill of commerce has been felt, have since the 1st of January adopted measures establishing the gold standard. Russia, by an Imperial decree of January 3, 1897, established the gold standard, reducing silver to the place of subsidiary coins, while Japan, by legislative enactment just passed both legislative bodies, has determined a ratio for gold and silver—32½ to 1—with the distinct purpose of establishing within their own realm the gold standard also, and reducing the use of silver to the subsidiary coins.

If the United States would take her proper place at the head of all nations in the grand march of civilization, she must remove all barriers between the genius of her people and her mighty army of producers and the world's consumers, instead of inviting the most fatal obstacle to her supremacy.

THE DEMAND OF THE HOUR.

Theories must give way to experience; fancy must yield to facts; patriotic impulse must override blind partisanship; prejudice and false assumption will wither in the sunlight of truth. This great question, involving as it does the hope of the people and the future of the nation itself, calls loudly for the display of candor, earnest thought, moral courage, the highest order of patriotism, and our best statesmanship.

In conclusion, therefore, let me express the hope that in the consideration of this subject at least no attempt will be made to overlook, forget, and much less obscure or suppress the truth, but that the responsibilities of the citizens of this Republic may be kept constantly in view.

A careful study of each proposition and the adaptation of the various principles involved in this measure to our condition and needs will, I think, justify the following conclusions:

First. Our banking business would be taken out of politics.

Second. Our Government would be taken out of the banking business.

Third. We would escape the expense and danger always attending fiat money issues.

Fourth. We would save in interest on our national debt $12,000,000 every year.

Fifth. We would demonstrate to the world that our credit was higher than that of any other nation, the rate of interest on our public debt being reduced to 2 per cent, while that of Great Britain is $2\frac{3}{4}$.

Sixth. Our measure of value being definitely determined and permanently established, hundreds of millions of dollars from abroad and at home would instantly seek the channels of trade and at constantly lowering rates of interest, affording every good enterprise ample means for its promotion.

Seventh. Every dollar of our currency would be good enough to pass current in every land and travel around the entire world side by side with the Bank of England notes.

Eighth. The entire reserves of our banks would be gold or its equivalent.

Ninth. A vast amount of gold and silver, taking the place of

our smaller bills, would circulate among all our people with a most salutary effect.

Tenth. Our smaller villages and more remote places would have the advantage of banking privileges, and equal justice would be meted out to every honest man entitled to credit.

Eleventh. The producers of every kind and in every section would be supplied with ample currency at reasonable rates of interest to handle or hold their crops or manufactures until they desired to dispose of them.

Twelfth. The rates of interest would be much lowered and equalized throughout the United States.

Thirteenth. Instead of our eight different kinds of money we would have but two besides gold and silver, and ultimately but one.

Fourteenth. All holders of notes would be guaranteed against loss, the United States redeeming them in case of liquidation.

Fifteenth. All depositors in national banks could be insured against loss in case of a bank failure.

Sixteenth. Bank panics and currency famines would be impossible, and therefore unknown.

Seventeenth. The cotton and grain growers, the stock raisers, and manufacturers would soon learn that their own property—stock, grain, cotton, and merchandise—is as good a basis for money in the form of currency as gold or silver, and that the only prerequisites are a fixed measure of value, means of repayment, and a good name.

Eighteenth. The credit of the nation could not then be strained and brought in question, as it has been during the past four years, paralyzing trade, prostrating commerce, ruining enterprises, and destroying all credit, which has become so important a part of modern civilization.

Nineteenth. All banking institutions would seek protection under this law, the system would become uniform and universal, the individual would be better served, and the public better protected.

Twentieth. Doubt would give way to certainty, fear to hope, confusion to order, hesitation to confidence, and upon our integrity and intelligence would rest the beneficent smile of Providence.

Let us hope, then, that in the consideration of a subject that should be absolutely free from political prejudices, the bitterness

of the partisan contest may disappear; that the charge, insinuation, and suspicion even of dishonest intention on the part of a great portion of the American people may linger no longer, but that, with a full realization of the wrongs suffered and injuries and losses inflicted upon them, we may, as true men, patriotic citizens, and wise legislators, having in trust the interests not only of our own immediate neighborhood but of every section, and of every man even living under our flag—realizing that he is our brother—seek out the cause of his complaint and study how to guarantee to him equal opportunities under the operation of just laws.

2763

INDEX.

2763

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